Original Application

Opens Arms Care Corporation SW (East half)

CN1710-031

OCT 13 '17 PM 4:23

Bradley

Michael D. Brent
Direct: 615.252.2361
mbrent@bradley.com

October 13, 2017

Ms. Melanie M. Hill
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Dear Melanie:

Enclosed you will find an original, plus two copies, of a CON Application by Open Arms Care Corporation, for the replacement and relocation of an eight-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID. The current facility located at 1447 Greendale Avenue, Memphis (Shelby County), Tennessee 38127, and will be relocated to a lot of approximately 4.25 acres near the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002. As we have previously discussed with your staff, given the nature of this application, and the fact this is a replacement of a facility that has been in operation nearly three decades by this applicant, we request that you give consideration to placing this application on the "Consent Calendar."

Should you have any questions or need anything further, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

Michael D. Brent

MDB/cae

7/4068652.1

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Open Arms Care Corporation d/b/a Shelby County #2 Old Brownsville (East)
Name

Old Brownsville Road — Street or Route
Shelby — County

Bartlett — City
Tennessee — State
38002 — Zip Code

Website address: http://www.openarmscare.org

Note: The Facility's name and address ***must be*** *the name and address of the project and* ***must be*** *consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Michael D. Brent — Name
Attorney — Title

Bradley Arant Boult Cummings LLP — Company Name
mbrent@bradley.com — Email address

1600 Division Street, Suite 700 — Street or Route
Nashville — City
TN — State
37203 — Zip Code

Attorney for Project — Association with Owner
615-252-2361 — Phone Number
615-252-6361 — Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8/A" *X 11" white paper, clearly typed and spaced, single or double sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable).* ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.***

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

1) Description - Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant:

Response: Founded to address the needs of those moving out of large, state-run institutions, Open Arms Care Corporation, a Georgia nonprofit corporation ("Open Arms"), has 32 eight-resident homes, or Intermediate Care Facilities for Individuals with Intellectual Disabilities ("ICF/IID"), located in or near Chattanooga, Knoxville, Memphis, and Nashville, Tennessee and 9 four-resident ICF/IID homes in or near Chattanooga, Knoxville and Greeneville, Tennessee. Please see Attachment A.4 for a list of facilities operated by Open Arms in Tennessee. Through provider agreements with TennCare, Open Arms has been providing community-based facilities for individuals with intellectual and developmental disabilities for almost 30 years. This project involves construction of a replacement 8-bed ICF/IID in Shelby County, Tennessee, and will be constructed for the purpose of relocating eight individuals from an 8-bed ICF/IID facility located at 1445 Greendale Avenue, Memphis (Shelby County), Tennessee 38127, to a lot of approximately 4.25 acres, which does not currently have a separate street address, located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, (being the east half of the parcel described as Parcel B0148 00061 in the records of the Shelby County Tax Assessor). As a replacement facility, this project will not affect the number of ICF/IID beds in Shelby County. The Applicant currently has no outstanding but unimplemented certificates of need.

The facility will be a one-story, fully accessible family home of approximately 4,400 square feet with four bedrooms, combination living/dining room, kitchen, laundry, office, and associated storage areas. The home will have 2 large, fully accessible bathrooms, 1 half bath, and a residential sprinkler system. Depending on the resident and his or her medical needs, residents will receive assistance meeting hygiene requirements, specialized dietary services, physical therapy, and assistance with activities of daily living, as well as physical, occupational, and behavioral therapies. The overall goal is to provide the combination of an environment and services that will enrich their quality of life and sense of community.

2) Ownership structure

Response: Open Arms is a Georgia nonprofit corporation with no ownership shares or membership interests and is board-managed. Though Open Arms is a Georgia nonprofit corporation, the board of Open Arms is considering converting to a Tennessee nonprofit corporation. If the ultimate decision is to make such a conversion, a new Tennessee nonprofit corporation would be created and the existing Georgia corporation would be merged into it, with the result being that Open Arms would be a Tennessee corporation. The laws of some states allow a simpler process whereby a non-nonprofit corporation can change its domicile from one state to another, but that is not currently allowed for transitions from a Georgia to a Tennessee corporation.

3) Service area

Response: The service area is Shelby County, Tennessee

4) Existing similar service providers

Response: Open Arms is one of only a few ICF/IID providers in Tennessee, and the only such provider currently serving Shelby County.

5) Project cost

Response: As shown on the Project Cost Chart, the total cost is $3,370,000, due to the requirements that the cost be based on the total lease costs over a 30 year period. However, the actual cost of the land, site improvements, and construction is less than half of that amount.

6) Funding

Response: As shown on the attached funding letter, Servis1St Bank will be the lender for the project, and has a long relationship as a lender for Open Arms projects.

7) Financial Feasibility including when the proposal will realize a positive financial margin

Response: As shown on the financial projections, as a relocation of exiting services, with existing residents, the project is anticipated to have positive financial results upon opening.

8) Staffing

Response: The Applicant currently employs a full staff at the facility to be relocated, as well as 7 other similar facilities in Shelby County. It is anticipated that all such staff members will transfer from the current facility to the replacement facility.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need

Response: The intent of this application is to relocate 8 individuals who currently reside in an Open Arms facility in Shelby County (the "Residents") to a new facility that the Applicant will construct if this Application is approved. The Residents' current home is a traditional wood frame residential home that was constructed almost 30 years ago and is no longer sufficient for the needs of Residents and staff. Having been in use for almost 30 years, it has become evident that staffing and Residents' equipment needs over this period have far exceeded the expected use for such

structures, which are reminiscent of conventional family use houses. While the Applicant has maintained good conditions for compliance and safety, the structure experiences wear and tear commensurate with such lengthy use which results in ever increasing repair and maintenance costs as the structure continues to age.

The proposed construction of a new facility is also in response to Residents' increased acuity. The Applicant must meet the increased needs of aging long term Residents as well as new admissions with higher levels of acuity in a facility that was not built with such individuals in mind. The Applicant wants to construct homes with floorplans, materials and technologies with the higher level of care required by these Residents in mind, as the Applicant did with clients admitted in connection with closure of Green Valley Development Center. The Applicant's current facility is also located in a neighborhood that has experienced a substantial shift in character since the facility opened. Residents will therefore also benefit from a more suitable, less commercial neighborhood. Finally, impending changes to the fire safety code will require substantial expenditures to retrofit the current facility with sprinkler, electrical and alarm upgrades, and, given the age and undesirable location of the current facility, the Applicant finds it more prudent to begin to transition residents to a new facility constructed pursuant to the new requirements and modern technology instead of spending substantial sums on the current facility. As with most of the Applicant's facilities in similar circumstances, the proposed relocation and construction of a new facility is part of the Applicant's long term plan to do the same with its other aging ICF/IID facilities.

2) Economic Feasibility

Response: The facility's estimated cost of construction is shown on the attached exhibits. Please see Section C, Economic Feasibility, for additional information about costs for land, site preparation, and other costs. The project financing will include a commercial loan to the Landlord (please see Attachment C. Economic Feasibility – 2) that will be sufficient to purchase the land and construct the new facility.

Because of the Applicant's extensive experience serving individuals with intellectual and developmental disabilities and its solid working relationship with DIDD, the Applicant believes that, in addition to being economically feasible, this project will build upon lessons learned building other ICF/IID homes in recent years, enabling it to continue to better residents' quality of life.

3) Appropriate Quality Standards

Response: With almost 30 years of experience providing community-based facilities for individuals with intellectual and developmental disabilities, the Applicant is well-versed in what is required to ensure quality services are provided to residences and that its facilities successfully undergo agency surveys with few to no violations. Further, the Applicant current and shall continue to meet all standards imposed on it by licensing and regulatory boards to which it is subject.

4) Orderly Development to adequate and effective health care

Response: The proposed relocation will not result in an unnecessary increase in use of healthcare services as the number of individuals currently served in Shelby County (provided the Applicant remains the sole ICF/IID facility provider) will not change as a result the approval of this Application, as current recipients will just be moved to a new location. Further, approving this Application ensures that residents are receiving care provided in modern setting, in a home constructed with what are likely much more robust disability accessibility requirements, reflecting a deeper understanding of the challenges faced by the disabled and the ways in which homes can be modified in response. The more modern floorplan of the new facility will also assist in meeting the healthcare needs of the residents.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

Response: A letter addressed to the Agency's Executive Director containing the Applicant's request to be added to the Consent Calendar and the justification for an expedited review is attached hereto as Attachment A-3C. To summarize, this Application does not seek to add any ICF/IID beds; rather, it proposes relocating existing ICF/IID beds following construction of a new ICF/IID facility to benefit residents and the community.

4. SECTION A: PROJECT DETAILS

A. Owner of the Facility, Agency or Institution

Open Arms Care Corporation Name		(615) 254-4006 Phone Number
6 Cadillac Drive, Suite 350 Street or Route		Williamson County
Brentwood City	Tennessee State	37027 Zip Code

B. Type of Ownership of Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	
D. Corporation (For Profit)		I. Other (Specify) _____	
E. Corporation (Not-for-Profit)	X		

Attach a copy of the partnership agreement, or corporate charter and certificate of *corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at https://tnbeartn.gov/ECommerce/FilincrSearch.aspx.* **Attachment Section A-4A.**

Describe *the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.*

Response: Founded to address the needs of those moving out of large, state-run institutions, Open Arms Care Corporation, a Georgia nonprofit corporation ("Open Arms" or the "Applicant"), has 32 eight-resident homes or, Intermediate Care Facilities for Individuals with Intellectual Disabilities ("ICF/IID"), located in or near Chattanooga, Knoxville, Memphis, and Nashville, Tennessee. Please see Attachment A.4 for a list of facilities operated by Open Arms in Tennessee. In addition, Open Arms has recently opened 9 four-resident homes in Greene, Knox and Hamilton Counties (pursuant to CONs approved by the HSDA in 2016), to help satisfy the need for such facilities as a result of the closure of Green Valley Development Center in East Tennessee. Open Arms has no owners or members and is governed by a six-person board of directors consisting of Robert Taylor (Chair), Jane Buffaloe, Mary Ellis Richardson, Sandy Wybel, John Crawford and Cherrie Clark.

In 1988, founding board members of Open Arms identified the need to build community facilities for individuals who were moving out of large, state-run institutions for individuals with intellectual and developmental disabilities in the state of Tennessee. Certificate of Need applications were submitted and approved and Open Arms Care (then known as Rebound Care Corporation) began offering services once it was approved for 256 beds across the state

of Tennessee. (*Source: http://openarmscare.org/our-history*.) Through provider agreements with TennCare, Open Arms has been providing community-based facilities for individuals with intellectual and developmental disabilities for almost 30 years. Open Arms has no ownership shares or membership interests and is board-managed. Please also see Attachment A-4A.

5. Name of Management/Operating Entity (If Applicable)

Integra Resources, LLC
Name

1222 16th Avenue South, Suite 300 — Street or Route
Davidson — County

Nashville — City
Tennessee — State
37212 — Zip Code

Website address: Not Applicable.

For new facilities or existing facilities *without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.* **Attachment Section A-5.**

Response: Please see Attachment A-5.

6. A. **Type of Ownership of Control (Check One)**

A. Ownership	_____	D. Option to Lease	X
B. Option to Purchase	_____	E. Other (Specify) _____	_____
C. Lease of _____ Years	_____	_____	

Check appropriate line above: *For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements* ***must include*** *anticipated purchase price. Lease/Option to Lease Agreements* ***must include*** *the actual/anticipated term of the agreement* ***and*** *actual/anticipated lease expense. The legal interests described herein* ***must be valid*** on the date of the Agency's consideration of the certificate of need application.

Response: The Applicant has an option to lease the building and the land upon which the building will be located from Facilities Development Group, LLC ("FDG"). FDG has no relationship with Open Arms, other than contractual relationships. Those include the Development Agreement between FDG, as developer, and the entity that purchased the Green Valley Facilities from FDG (WCO AL DP, LLC) and leased them to Open Arms. The proposed project will create a contractual relationship between FDG and the Applicant for the facility which is the subject of this application, and seven similar facilities in Shelby County, Tennessee which the Applicant also plans to replace. After FDG has acquired and financed the land pursuant to the contract attached as Attachment A-6A and then arranged the construction and financing of the proposed facility via a construction loan from Servis 1st Bank, Open Arms will then have an option to lease the completed, fully furnished facility from FDG pursuant to pursuant to the lease agreement referenced in the Option to Lease. Please see Attachment A-6A for copies of the deed of the current owner, the purchase agreement between the current owner and FDG, the Option to Lease, and an illustration of the transactions between the parties.

6B. Attach **a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site** on an 8 1/2" x 11" sheet of white paper, single or double-sided. ***DO NOT SUBMIT BLUEPRINTS.*** Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include**:

   a. Size of site (**in acres**);

   b. Location of structure on the site;

   c. Location of the proposed construction/renovation; and

   d. Names of streets, roads or highway that cross or border the site.

Response: Please see Attachment A-6B-1 for a plot plan. The proposed location is close to the road and observes all setback requirements. The site is

approximately 4.25 acres and is presently zoned "R-E" for low density residential use. Please note that TCA §13-24-102 provides that, for the purposes of all zoning laws in Tennessee, a "single-family residence" includes any home in which eight or fewer unrelated persons with disabilities reside. Therefore, the facility complies with the zoning of the proposed location.

The proposed location meets the distance requirement prohibiting more than two ICF/IID facilities from being within 500 yards of other ICF/IID facilities, as the nearest licensed ICF/IID is 8.4 miles away as illustrated in the table below. With respect to the 500 yard setback requirement from other ICF/IID's in Tennessee Code Annotated 33-2-418 (a), though the Applicant proposes another facility nearby, as long as the two proposed facilities are the only facilities within 500 yards of each other, which they would be, both facilities would be in compliance with the 500 yard requirement.

Distance Between Proposed Location and Other Shelby County ICF/IID's

Facility Name	ICF/IID Facility Address	Miles
Allendale Drive Home 1 - Memphis	4695 Allendale Drive, Memphis, TN 38128	5.6
Allendale Drive Home 2 - Memphis	4707 Allendale Drive, Memphis, TN 38128	5.6
Benjestown Home 1 - Memphis	5350 Benjestown Road, Memphis, TN 38127	16.1
Benjestown Home 2 - Memphis	5380 Benjestown Road, Memphis, TN 38127	16.0
Greendale Home 1 - Memphis	1445 Greendale Avenue, Memphis, TN 38127	12.8
Greendale Home 2 - Memphis	1457 Greendale Avenue, Memphis, TN 38127	12.8
Raleigh Millington Home 1 - Memphis	4240 Raleigh Millington Road, Memphis, TN 38128	6.6
Raleigh Millington Home 2 - Memphis	4254 Raleigh Millington Road, Memphis, TN 38128	6.5

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 $^1/_2$ by 11 sheet of paper or as many as necessary to illustrate the floor plan.

Response: Please see Attachment A-6B-2 for a floor plan identifying the kitchen, living/sitting room (which will also serve as a dining space) and pantry.

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The facility generally will not be open to the public. Access for individuals housed at the site will be supervised by the facility's staff. Families of these individuals will have access to the facility from U.S. Interstate 40 ("I-40"), which is approximately a 15 minute drive from the facility. From I-40, visitors take Exit 18 onto U.S. 64 W, heading west for .4 miles. Visitors then turn onto New Brunswick Road, followed by several other turns, including Germantown Parkway, a six lane street upon which sits a multitude of restaurants and shopping centers. Finally, visitors will turn left onto Shadowlawn Road, which turns into Oak Road, and will have reached the proposed location of the facility upon reaching that road's intersection with Old Brownsville Road. The proposed location for the facility is found on the left-hand side once visitors reach the intersection.

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

7. **Type of Institution** (Check as appropriate--more than one response may apply)

A. Hospital (Specify) _____ _____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Intellectual Disability Institutional Habilitation Facility ICF/IID __X__
H. Nursing Home _____
I. Outpatient Diagnostic Center _____
J. Rehabilitation Facility _____
K. Residential Hospice _____
L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____
M. Other (Specify) _____ _____

Check appropriate lines(s).

8. **Purpose of Review (Check appropriate lines(s) - more than one response may apply)**

A. New Institution _____
B. Modifying an ASTC with limitation still required per CON _____
C. Addition of MRI Unit _____
D. Pediatric MRI _____
E. Initiation of Health Care Service as defined in T.C.A. § 68-11-1607(4) (Specify) _____ _____
F. Change in Bed Complement _____
[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation]
Opiate Addiction
G. Satellite Emergency Dept. _____
H. Change of Location __X__
I. Other (Specify) _____ _____

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [check all that apply]

___ AmeriGroup ___ United Healthcare Community Plan ___ BlueCare ___ TennCare Select

Medicare Provider Number *N/A*

Medicare Provider Number *[744-7040/744-7039]*

Certification Type ICF/MR

If a new facility, will certification be sought for Medicare and/or Medicaid/Tenn/Care?

Medicare ___ Yes ____ No _X_ N/A **Medicaid/TennCare ____ Yes ___ No _X_ N/A**

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8: Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home - SNF (Medicare only)						
16) Nursing Home - NF (Medicaid only)						
17) Nursing Home - SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home - Licensed (non-certified)						
19) ICF/IID					8	8
20) Residential Hospice						
TOTAL					8	8

*Beds approved but not yet in service **Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

N/A

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
N/A		

11. Home Health Care Organizations - Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: N/A

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	❑	❑	❑	Lauderdale	❑	❑	❑
Bedford	❑	❑	❑	Lawrence	❑	❑	❑
Benton	❑	❑	❑	Lewis	❑	❑	❑
Bledsoe	❑	❑	❑	Lincoln	❑	❑	❑
Blount	❑	❑	❑	Loudon	❑	❑	❑
Bradley	❑	❑	❑	McMinn	❑	❑	❑
Campbell	❑	❑	❑	McNairy	❑	❑	❑
Cannon	❑	❑	❑	Macon	❑	❑	❑
Carroll	❑	❑	❑	Madison	❑	❑	❑
Carter	❑	❑	❑	Marion	❑	❑	❑
Cheatham	❑	❑	❑	Marshall	❑	❑	❑
Chester	❑	❑	❑	Maury	❑	❑	❑
Claiborne	❑	❑	❑	Meigs	❑	❑	❑
Clay	❑	❑	❑	Monroe	❑	❑	❑
Cocke	❑	❑	❑	Montgomery	❑	❑	❑
Coffee	❑	❑	❑	Moore	❑	❑	❑
Crockett	❑	❑	❑	Morgan	❑	❑	❑
Cumberland	❑	❑	❑	Obion	❑	❑	❑
Davidson	❑	❑	❑	Overton	❑	❑	❑
Decatur	❑	❑	❑	Perry	❑	❑	❑
DeKalb	❑	❑	❑	Pickett	❑	❑	❑
Dickson	❑	❑	❑	Polk	❑	❑	❑
Dyer	❑	❑	❑	Putnam	❑	❑	❑
Fayette	❑	❑	❑	Rhea	❑	❑	❑
Fentress	❑	❑	❑	Roane	❑	❑	❑
Franklin	❑	❑	❑	Robertson	❑	❑	❑
Gibson	❑	❑	❑	Rutherford	❑	❑	❑
Giles	❑	❑	❑	Scott	❑	❑	❑
Grainger	❑	❑	❑	Sequatchie	❑	❑	❑
Greene	❑	❑	❑	Sevier	❑	❑	❑
Grundy	❑	❑	❑	Shelby	❑	❑	❑
Hamblen	❑	❑	❑	Smith	❑	❑	❑
Hamilton	❑	❑	❑	Stewart	❑	❑	❑
Hancock	❑	❑	❑	Sullivan	❑	❑	❑
Hardeman	❑	❑	❑	Sumner	❑	❑	❑
Hardin	❑	❑	❑	Tipton	❑	❑	❑
Hawkins	❑	❑	❑	Trousdale	❑	❑	❑
Haywood	❑	❑	❑	Unicoi	❑	❑	❑
Henderson	❑	❑	❑	Union	❑	❑	❑
Henry	❑	❑	❑	Van Buren	❑	❑	❑
Hickman	❑	❑	❑	Warren	❑	❑	❑
Houston	❑	❑	❑	Washington	❑	❑	❑
Humphreys	❑	❑	❑	Wayne	❑	❑	❑
Jackson	❑	❑	❑	Weakley	❑	❑	❑
Jefferson	❑	❑	❑	White	❑	❑	❑
Johnson	❑	❑	❑	Williamson	❑	❑	❑
Knox	❑	❑	❑	Wilson	❑	❑	❑
Lake	❑	❑	❑				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF							
*Total Cost							
**Cost Per Square Foot							
Cost per Square Foot Is Within Which Range *(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)*					☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

   Response: Not Applicable.

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

   Response: Not Applicable.

A. Complete the chart below for acquired equipment.

Response: Not Applicable.

☐ Linear Accelerator	Mev _____ Types Total Cost*: _____ ☐ New ☐ Refurbished	☐ SRS ☐ IMRT ☐ IGRT ☐ Other_____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) _____ ☐ If not new, how old? (yrs) _____
☐ MRI	Tesla: _____ Magnet: Total Cost*: _____ ☐ New ☐ Refurbished	☐ Breast ☐ Extremity ☐ Open ☐ Short Bone ☐ Other_____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) _____ ☐ If not new, how old? (yrs) _____
☐ PET	☐ PET only ☐ PET/CT ☐ PET/MRI Total Cost*: _____ ☐ New ☐ Refurbished	☐ By Purchase ☐ By Lease Expected Useful Life (yrs) _____ ☐ If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

   Response: Not Applicable.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

   Response: Not Applicable.

D. Schedule of Operations: **Response:** Not Applicable.

Location	Days of Operation *(Sunday through Saturday)*	Hours of Operation *(example: 8 am - 3 pm)*
Fixed Site *(Applicant)*	_____	_____
Mobile Locations		

(Applicant)		
(Name of Other Location		
(Name of Other Location		

E. Identify the clinical applications to be provided that apply to the project.

Response: Not Applicable.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

Response: Not Applicable.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

A. Need

1. The population-based estimate of the total need for ICF/MR facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria and be appropriate for ICF/MR services.

Response: The 2017 population of Shelby County, Tennessee is estimated to be 964,804, with 64 ICF/IID beds currently in the county. Using the need-based estimate of .032%, the need in Shelby County is 309 beds.

This project, however, does not involve the development of new ICF/IID beds. Therefore, the population-based needs analysis in the Guidelines for Growth is inapplicable. The beds which are being used by this project serve only to replace beds already in existence at the Applicant's current facility. Thus, no net increase in the number of ICF/IID beds is intended by this application.

2. The estimate for total need should be adjusted by the existent ICF/MR beds operating in the area as counted by the Department of Health, Department of Mental Health and Developmental Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

Response: The total estimated need minus the existing beds leaves a need of 245 beds.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

Response: The Residents in the Applicant's facility who will be relocated are currently in Shelby County, so it is less disruptive to the Residents as well as their families and conservators if they remain in the Shelby County area.

Given the anticipated acuity level of individuals at the facility, and the recent changes by CMS regarding Home and Community-Based Services (HCBS) as to whether such individuals receive services in their own home or in the community, transportation to a day center may not occur on a regular basis. If such day center services are needed Open Arms has an existing day treatment center in Memphis which serves Open Arms' Shelby County facilities and which will continue to do so upon completion of the proposed facility if this application is approved.

Please find below a chart of distances from the proposed location to services within the area.

Shelby County (Old Brownsville Road, Bartlett, TN 38002)			
Service	**Closest Location**	**Driving Distance**	**Driving Time**
Nearest Incorporated City	Bartlett, TN	Facility is within city limits.	Not applicable.
Hospital	Saint Francis Hospital – Bartlett, 2896 Kate Bond Road, Bartlett, TN 38133	4.7 miles	11 minutes
Physician Offices	Locations vary but they are all close to Saint Francis-Bartlett hospital.	Varies	Varies
EMS/Fire Station	Station No. 4, 6875 Old Brownsville Road, Bartlett	0.6 Miles	1 minute
Day Treatment (if applicable)	5120 Yale Road, Memphis, TN 38134	6.1 Miles	12 minutes

2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needed services involuntarily.

Response: The project population consists of residents of one of the Applicant's facilities that the Applicant desires to relocate to an ICF/IID within Shelby County. The Applicant is aware of their special needs, including their age distribution, nutritional needs, mobility and visual impairments, and their psychiatric and behavioral needs. This facility is designed and located with their needs in mind and is dedicated to serving them. The Applicant serves all individuals regardless of racial, ethnic, or other demographic background. The proposed facility will be located in a residential setting to promote community inclusion.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in the state, city, county, and /or regional plans and other documents should be a significant consideration.

Response: The Applicant is building this facility to continue to most effectively and efficiently serve the needs of the Residents.

2. The proposal's relationship to underserved geographic areas and underserved populations groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.

Response: The Applicant is building this facility to continue to most effectively and efficiently serve the needs of the Residents, including underserved groups.

3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.

Response: This project will shift existing ICF/IID beds from the Applicant's old facility to an eight-bed group home, as a part of the Applicant's plan to modernize its aging facilities.

4. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

Response: ICF/IID services in Tennessee are funded by TennCare and the Applicant anticipates that TennCare funds will be responsible for 96% of the facility's revenue.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

Response: The Applicant operates all 64 ICF/IID beds currently licensed in Shelby County in eight (8) facilities which each contain 8 licensed beds.

These beds are at full occupancy. A chart of the occupancy of ICF/IID's in the county for the past three years follows.

ICF/IID Utilization, Shelby County

	2012	2012	2012	2013	2013	2013	2014	2014	2014
Facility/Address	**Lic. Beds**	**ADC**	**% Occup.**	**Lic. Beds**	**ADC**	**% Occup.**	**Lic. Beds**	**ADC**	**% Occup.**
Allendale Drive Home 1	8	8	99.5%	8	8	99.5%	8	8	99.5%
Allendale Drive Home 2	8	8	99.5%	8	8	99.5%	8	8	99.5%

Benjestown Home 1	8	8	99.5%	8	8	99.5%	8	8	99.5%
Benjestown Home 2	8	8	99.5%	8	8	99.5%	8	8	99.5%
Greendale Home 1	8	8	99.5%	8	8	99.5%	8	8	99.5%
Greendale Home 2	8	8	99.5%	8	8	99.5%	8	8	99.5%
Raleigh Millington Home 1	8	8	99.5%	8	8	99.5%	8	8	99.5%
Raleigh Millington Home 2	8	8	99.5%	8	8	99.5%	8	8	100.0%
TOTAL	**64**	**64**	**99.5%**	**64**	**64**	**99.4%**	**64**	**64**	**99.5%**

Source: Open Arms internal records

2. *Accessibility to specific special needs groups should be an important factor.*

   Response: As an ICF/IID home, this facility will be accessible to individuals living with intellectual or developmental disabilities. Its bathroom and bedroom facilities and nursing station are specifically designed to assist medically fragile residents with severe intellectual or developmental disabilities.

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

   Response: Please see Attachment B – Need – C for a map of the service area. As the residents are currently in Shelby County and will be remaining there, there is no need to justify a change of service area.

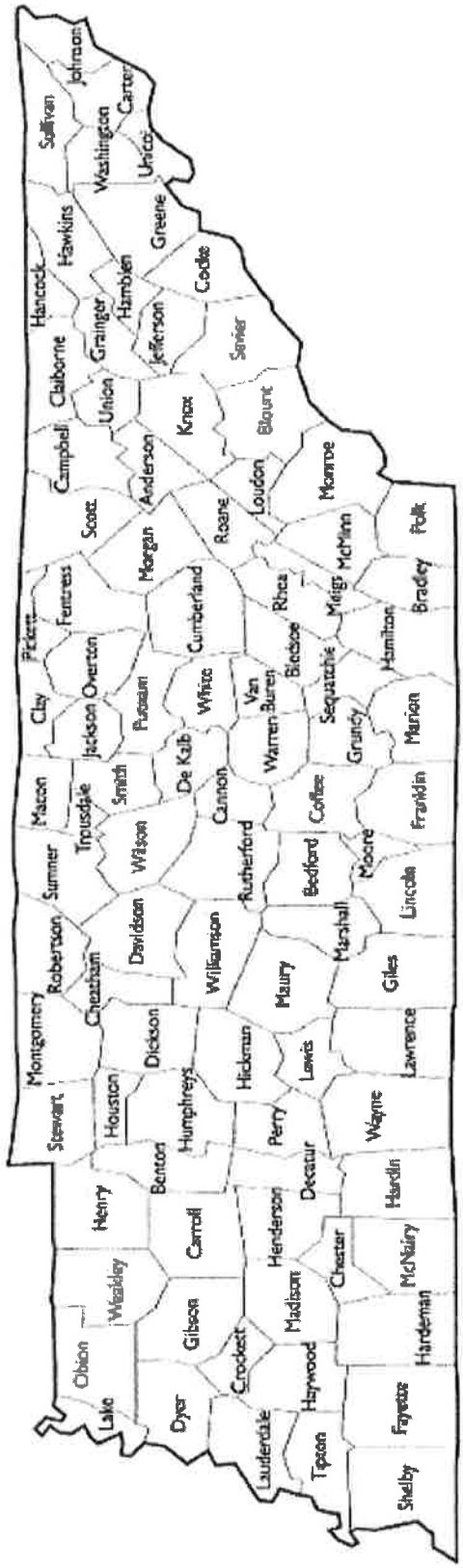
   Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents	% of total procedures
County #1	Not Applicable.	
County #2		
Etc.		
Total		**100%**

Service Area Counties	Projected Utilization-County Residents	% of total procedures
County #1	Not Applicable.	
County #2		
Etc.		

Total		**100%**

County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfindercensus.dov/faces/nav/isf/pages/index.xhtml

	Department of Health/Health Statistics							Bureau of the Census				TennCare	
Demographic Variable/ Geographic Area	2017 Total Population-	2021 Total Population	Total Population-% Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population- % Change	Target Population Projected Year as% of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as %Of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
Shelby County	964,804	986,423	2.2%	308.7	315.7	2.3%	.00032%	35.4	$46,224	188,790	20.2%	247,356	25.6%
Service Area Total	964,804	986,423	2.2%	308.7	315.7	2.3%	.00032%	35.4	$46,224	188,790	20.2%	247,356	25.6%
State of TN Total	6,887,572	7,179,512	4.2%	2,204.0	2,297.4	4.2%	.00032%	38.7	$45,219	1,050,889	15.8%	1,422,877	20.7%

* *Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.*

Response: The target population is .032% of the general population.

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: The Residents of the facility are all individuals with severe intellectual or developmental disabilities requiring institutional care. The Applicant's facility will be specially designed to meet residents' physical and medical needs, such as accessible entry doors, hallways, bathrooms, transportation, and ADA-compliant sink/vanity and toilets. Other services that will be provided include assistance meeting hygiene requirements, specialized dietary services, physical therapy, and activities of daily living, including physical, occupational, and behavioral therapies. The overall goal is to provide

residents with an environment and services that will let them live dignified and meaningful lives in a community setting.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

Response: Not applicable. As noted above, all existing ICF/IID beds in Shelby County are at full occupancy, and there are no approved-but-unimplemented ICF/IID beds for Shelby County.

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: The Applicant projects 100% occupancy of all eight beds, or 2,920 resident bed days, for each of the first two years of operation of this facility. This is based upon the fact that the facility is currently at 100% occupancy and the Applicant anticipates no change. .

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

1) All projects should have a project cost of at least $15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

5) For projects that include new construction, modification, and/or renovation — **documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

a) A general description of the project;

b) An estimate of the cost to construct the project;

c) A description of the status of the site's suitability for the proposed project; and

d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

Response: Please see Attachment B. Economic Feasibility – A5 for a copy of the letter from the architect supporting the estimated construction cost. Please see the Project Costs Chart on the following page, which includes the cost of an emergency generator.

.As the total rent expense over the term of the lease is higher than the costs of land purchase, development, construction, etc. that amount is not used in the Project Costs Chart, but the Applicant has used the total lease costs, plus certain "soft costs" and a small Contingency Fund in the Project Costs Chart for unanticipated expenses.

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PROJECT COST CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$15,000
	3.	Acquisition of Site	
	4.	Preparation of Site	
	5.	Total Construction Costs	
	6.	Contingency Fund	$35,733
	7.	Fixed Equipment (Not included in Construction Contract)	
	8.	Moveable Equipment (List all equipment over $50,000 as separate attachments)	
	9.	Other (Specify) _____	
B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	$3,300,000
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify) _____	
	5.	Other (Specify) _____	
C.	Financing Costs and Fees:		
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)		$3,350,733
E.	CON Filing Fee		$19,267
F.	Total Estimated Project Cost (D+E)	**TOTAL**	$3,370,000

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)***

_X_ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

___ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

___ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;

___ 4) Grants - Notification of intent form for grant application or notice of grant award;

___ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

___ 6) Other - Identify and document funding from all other sources.

Response: The cost of the project will be paid through a commercial loan from ServisFirst Bank. Please see Attachment B – Economic Feasibility – B for documentation to this effect.

C. Complete Historical Data Charts on the following two pages — Do ***not modify the Charts provided or submit Chart substitutions!***

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Response: Please see Attachment B. Economic Feasibility – C. The Applicant's payment for the ICF/IID services it provides will be reimbursement from TennCare be based on its expenses such that its funding will equal its expenses. Therefore, there will be no surplus revenue. Further, the Applicant anticipates no bad debt due to its reimbursement by TennCare for 96% of its expenses, with the remaining 4% anticipated to come from residents' SSI income.

Please note that the Applicant's lease payments are structured to allow the Landlord to fulfill its responsibility to maintain the building, so the Applicant will not be responsible for repairs and upkeep of the facility beyond the usual tenant duties such as lawn care and cleaning. Additionally, the Projected Data Chart accounts for residents' dietary meals and "Supplies" expenses in the "Other Expenses" line item at D.9 in the chart itself and in the "Programming

Expenses" category if one refers to the itemization of that line item that follows the Projected Data Chart.

☐ Total Facility
☐ Project Only

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year ____	Year ____	Year____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	$_____	$_____	$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	**$_____**	**$_____**	**$_____**
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$_____	$_____	$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	**$_____**	**$_____**	**$_____**
NET OPERATING REVENUE	**$_____**	**$_____**	**$_____**
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	$_____	$_____	$_____
b. Non-Patient Care	_____	_____	_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Rent	_____	_____	_____
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses	_____	_____	_____
Total Operating Expenses	**$_____**	**$_____**	**$_____**
E. **Earnings Before Interest, Taxes and Depreciation**	**$_____**	**$_____**	**$_____**
F. Non-Operating Expenses	$_____	$_____	$_____
1. Taxes	_____	_____	_____
2. Depreciation	_____	_____	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses	**$_____**	**$_____**	**$_____**
NET INCOME (LOSS)	**$_____**	**$_____**	**$_____**

Chart Continues Onto Next *Page*

NET INCOME (LOSS)	$_____	$_____	$_____
G. Other Deductions			
1. Annual Principal Debt Repayment	$_____	$_____	$_____
2. Annual Capital Expenditure	$_____	$_____	$_____
Total Other Deductions	$_____	$_____	$_____
NET BALANCE	$_____	$_____	$_____
DEPRECIATION	$_____	$_____	$_____
FREE CASH FLOW (Net Balance + Depreciation)	$_____	$_____	$_____

☐ Total Facility
☐ Project Only

HISTORICAL DATA CHART OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year ____	Year ____	Year____
1. Professional Services Contract	$_____	$_____	$_____
2. Contract Labor	_____	_____	_____
3. Imaging Interpretation Fees	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	$_____	$_____	$_____

D. Complete Projected Data Charts on the following two pages - ***Do not modify the Charts provided or submit Chart substitutions!***

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** *(i.e.,* if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Response: Please see Attachment B. Economic Feasibility – C.

☐ Total Facility
☐ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in _____ (Month).

	Year ____	Year____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____
B. Revenue from Services to Patients		
1. Inpatient Services	$_____	$_____
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
Gross Operating Revenue	**$_____**	**$_____**
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$_____	$_____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
Total Deductions	**$_____**	**$_____**
NET OPERATING REVENUE	**$_____**	**$_____**
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$_____	$_____
b. Non-Patient Care	_____	_____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Rent	_____	_____
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
5. Management Fees:		
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
6. Other Operating Expenses	_____	_____
Total Operating Expenses	**$_____**	**$_____**
E. **Earnings Before Interest, Taxes and Depreciation**	**$_____**	**$_____**
F. Non-Operating Expenses	$_____	$_____
1. Taxes	_____	_____
2. Depreciation	_____	_____
3. Interest	_____	_____
4. Other Non-Operating Expenses	_____	_____
Total Non-Operating Expenses	**$_____**	**$_____**
NET INCOME (LOSS)	**$_____**	**$_____**

Chart Continues Onto Next *Page*

NET INCOME (LOSS)	$_____	$_____
G. Other Deductions		
1. Annual Principal Debt Repayment	$_____	$_____
2. Annual Capital Expenditure	$_____	$_____
Total Other Deductions	$_____	$_____
NET BALANCE	$_____	$_____
DEPRECIATION	$_____	$_____
FREE CASH FLOW (Net Balance + Depreciation)	$_____	$_____

☐ Total Facility
☐ Project Only

PROJECTED DATA CHART OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year ____	Year ____	Year____
1. Professional Services Contract	$_____	$_____	$_____
2. Contract Labor	_____	_____	_____
3. Imaging Interpretation Fees	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	$_____	$_____	$_____

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	$511.23	$527.05	$551.69	$562.7.2	2%
Deduction from Revenue *(Total Deductions/Utilization Data)*	0	0	0	0	0
Average Net Charge *(Net Operating Revenue/Utilization Data)*	$511.23	$527.05	$551.69	$562.7.2	2%

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Response: The proposed charge schedule is $551.69 per patient day for the first year of operations of the new facility. The Applicant anticipates that almost all of its revenue will come from TennCare, with some of the revenue coming from residents' SSI benefits, as required by TennCare. The money from residents' SSI benefits will be used to cover some of the cost of services. The Applicant is not aware of any residents with food stamp benefits.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: As the only provider in Shelby County, the Applicant can confirm that the proposed charges are in line with rates it charges at its other facilities in the Service Area.

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**

2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2

Net Operating Margin Ratio					

3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

   For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Response: All Residents are TennCare/Medicaid recipients. This project is intended to provide specialized services to TennCare/Medicaid recipients in need of ICF level care. The Applicant anticipates that 96% of its revenue of $1,432,860, or $1,375,546 will come from TennCare.

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2017)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
RN	0.25	0.25	$60,000	$57,590
LPN	1.98	1.98	$38,565	$37,180
Qualified MR Professional	0.13	0.13	$65,000	N/A
Direct Support Staff	12.50	12.50	$22,431	$23,340
Total Direct Patient Care Positions	14.86	14.86		
b) Non-Patient Care Positions				
Resident Manager	1.00	1.00	$34,000	N/A
Maintenance	0.25	0.25	$34,000	N/A
Central Office	0.75	0.75	Varies	Varies
Total Non-Patient Care Positions	2	2		
Total Employees (A+B)	16.86	16.86		
c) Contractual Staff				
Speech Therapist	0.13	0.13	$80/hour	$70,810
Occupational Therapist	0.13	0.13	$65/hour	$82,830

Physical Therapist	0.13	0.13	$75/hour	$85,420
Total Staff (a+b+c)	17.25	17.25		

Source: Tennessee Department of Labor & Workforce Development (2016 LMI)

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

Response:

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

Response:

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

Response: None.

B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

Response: None known other than as currently exist for the current facility.

2) Negative Effects

Response: None known.

C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Response: Sufficient as shown by the current facility operations. The Applicant currently meets and will continue to meet the staffing requirements of the facility following the proposed relocation. The Applicant does not anticipate needing to hire additional staff from what is in use at the current location of the facility.

2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

   Response: The Applicant has reviewed and understands the aforementioned requirements.

3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

   Response: Not applicable.

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

   Licensure: The Tennessee Department of Health and the Tennessee Department of Intellectual and Developmental Disabilities.

   Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): TennCare

   Accreditation (i.e., Joint Commission, CARF, etc.): Not applicable.

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

   a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

1) Has any of the following:

   a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

   b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

Response: Not Applicable.

2) Been subjected to any of the following:

a) Final Order or Judgment in a state licensure action;

b) Criminal fines in cases involving a Federal or State health care offense;

c) Civil monetary penalties in cases involving a Federal or State health care offense;

d) Administrative monetary penalties in cases involving a Federal or State health care offense;

e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

h) Is presently subject to a corporate integrity agreement.

Response: Not Applicable.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects

CON Number	Project Name	Date Approved	*Annual Progress Report(s) Due Date	*Annual Progress Report(s) Date Filed	Expiration Date
CN1511-050	Open Arms Care Corporation dba Greeneville #1 Chuckey Pike	2/24/2016			4/1/2018
CN1511-051	Open Arms Care Corporation dba Hamilton County #2 Gamble Road - Southwest	2/24/2016			4/1/2018
CN1511-052	Open Arms Care Corporation dba Greeneville #3 East Church Street - East	2/24/2016			4/1/2018
CN1511-053	Open Arms Care Corporation dba Hamilton County #1 Gamble Road - Southeast	2/24/2016			4/1/2018

CN1511-054	Open Arms Care Corporation dba Greeneville #2 East Church Street - West	2/24/2016			4/1/2018
CN1512-062	Open Arms Care Corporation dba Knox County #1 Bishops Bridge Northeast	3/23/2016			5/1/2018
CN1512-063	Open Arms Care Corporation dba Knox County #2 Bishops Bridge Northwest	3/23/2016			5/1/2018
CN1512-064	Open Arms Care Corporation dba Knox County #4 South Northshore Drive Northwest	3/23/2016			5/1/2018
CN1512-065	Open Arms Care Corporation dba Knox County #3 South Northshore Drive Southeast	3/23/2016			5/1/2018

* Annual Progress Reports - HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

Response: The facilities constructed pursuant to each of the outstanding CONs have now been completed and approved for occupancy, and residents are now in such facilities. The Applicant is still working with the architect and contractor on final cost certifications, which are anticipated to be completed within the next 30 days. Annual Progress Reports have previously been submitted for such facilities, and the Final Project Report will be submitted after the final cost certifications are completed and verified.

G. Equipment Registry - For the applicant and all entities in common ownership with the applicant.

1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

Response: Not Applicable.

2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

Response: Not Applicable.

3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

Response: Not Applicable.

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

Response: The Applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the Applicant's requested certificate of need, if approved.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

Response: The proposed facility reflects this principle by ensuring that the Applicant may provide its residents the same high quality health care in a newer, safer, more supportive environment. The proposed facility will be constructed to comply with updated building codes, ensuring that residents will not have to endure the hassle and instability of renovations at their existing home. In addition, relocation to a more resident-friendly neighborhood will better support the comprehensive medical and social services the Applicant provides its residents. The Applicant will continue to provide residents with medical care in accordance with physician recommendations and on a more general, as-needed basis. These services address the full range of the residents' medical needs, including their mental and behavioral health. Depending on the resident and his or her medical needs, residents will receive assistance meeting hygiene requirements, specialized dietary services, physical therapy, and assistance with activities of daily living, as well as physical, occupational, and behavioral therapies. Residents will also have access to both planned and spontaneous activities, including vocational training and job coaching, which will be easier to access and enjoy in the safe and supportive environment of their new community.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

Response: The Applicant will ensure that all residents continue to receive medical care in the manner and on the schedule prescribed by regulations and residents' physicians, as well as on an as-needed basis. Of note, the Applicant is one of only a few ICF/IID providers in Shelby County, and the proposed replacement facility will ensure that these eight beds

remain available to Shelby County residents. While the Applicant has been able to adapt to the aging of its current facility, the Applicant would be able to provide that care more efficiently in the proposed newer facility, particularly once the revised building codes go into effect and the Applicant will be responsible for providing care while addressing the necessary updates. Additionally, the nature of residential care means that the quality of resident experiences will depend at least in part on the surrounding neighborhood. In light of the general decline in the area surrounding its existing facility, the Applicant believes this is the right time to move its operations to a more traditional residential area, where the calmer setting will ensure both easier access to services in the community and long-term quality of life for its residents.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

Response: Providing support in an ICF/IID will be cost effective at the Applicant's proposed facility due to its strategic, thoughtful staffing, emphasis on preventive care, management oversight of resource utilization, and design of a home specifically dedicated to the Residents' needs. The Applicant's model will generate ongoing cost savings through its particular emphasis on preventive care and preservation of residents' existing mobility through therapy. Pairing ICF/IID homes to maximize economies of scale while maintaining a home-like environment is a common practice utilized by both public and private ICF/IIDs in the state, in large part because it permits providers like the Applicant to ensure both quality and efficiency. That the Applicant's facilities share a management company and physical address creates a range benefits, from the reduction of small, less-obvious fees like rates on lawn care to more impactful savings from the Applicant's ability to conduct joint internal visits and audits for both facilities, as opposed to having to make arrangements for two different locations. Additionally, through its nearly 30 years of experience, the Applicant will be able to put its expertise to work and take advantage of the economies of scale made possible by its many locations throughout the state, which will enable the Applicant to spend less money than would be spent by a less experienced applicant.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

Response: As a provider of ICF/IID services, the Applicant's services are overseen by both the state of Tennessee and the federal government. The Applicant is a decades-long ICF/IID services provider veteran and is well versed in satisfying these requirements and ensuring that its facilities and providers meet or exceed the important regulatory and licensure expectations and standards set out for them. The Applicant maintains a good relationship with its state and federal regulators. In addition, the Applicant's use of co-located facilities, a common management company, and reliance on a broad network of facilities across the state (including others in the Shelby County area) ensures that its providers participate in a constant, iterative system of checks and balances to ensure high quality resident care. Tennesseans can be confident that services offered at one of the Applicant's facilities have the backing of its experience and regulatory oversight.

E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

Response: The Applicant engages licensed and unlicensed personnel to provide the full range of medical and social services to the residents in its facilities. The Applicant's home-

based model supports a cohesive approach to ensuring each individual receives the attention and care they need to function at their best. Moreover, by adding a new ICF/IID in the proposed service area, the Applicant will ensure that these services remain available to the community and that individuals interested in providing the services continue to come to the community to work.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		
2. Architectural and engineering contract signed		
3. Construction documents approved by the Tennessee Department of Health		
4. Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy)		
11. *Issuance of License		
12. *Issuance of Service		
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)		

***For projects that *DO NOT* involve construction or renovation, complete Items 11 & 12 only.**

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF_____

George Stevens, being first duly sworn, says that he is an authorized representative of the applicant named in this application, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.,* and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

_____
SIGNATURE/TITLE

Sworn to and subscribed before me this 13th day of October, 2017 a Notary Public in and for the County/State of _____.

_____
NOTARY PUBLIC

My commission expires _____, _____.
(Month) (Year)

PROOF OF PUBLICATION

The Commercial Appeal
Affidavit of Publication

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, Glenn W. Edwards, a Notary Public, Helen Curl, of MEMPHIS PUBLISHING COMPANY, a corporation, publishers of The Commercial Appeal, morning and Sunday paper, published in Memphis, Tennessee, who makes oath in due form of law, that she is Legal Clerk of the said Memphis Publishing Company, and that the accompanying and hereto attached advertisement was published in the following editions of The Commercial Appeal, to-wit:

October 10, 2017

Helen Curl

Subscribed and sworn to before me this 11th day of October, 2017.

Glenn W. Edwards, Notary Public

GLENN W EDWARDS
STATE OF TENNESSEE
NOTARY PUBLIC
COUNTY OF SHELBY

My commission expires January 20, 2010.

Classified Legal Notices

Legals

Legal Notices

Registration Drives:
October 12, 2017
8:30am – 11:30am
Baker Community Center
7942 Church St.
Millington 38053

October 14, 2017
9:00am – 1:00pm
Annual Community Day
New Salem Baptist Church

October 17, 2017
6:00pm – 8:00pm
Delano Elementary School
PTA Health Fair
1716 Delano Ave.
Memphis 38127

SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on **November 17, 2017 on or about 12:00PM local time,** at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substitute Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by ANNETTE RANDOLPH AND FRANKLIN RANDOLPH, to WESLEY D. TURNER, Trustee, on October 31, 2003, as Instrument No. 03334007 in the real property records of Shelby County Register's Office, Tennessee.

Owner of Debt: Deutsche Bank National Trust Company, as Trustee for Ameriquest Mortgage Securities Inc., Quest Trust 2004-X2, Asset Backed Certificates, Series 2004-X2

The following real estate located in Shelby County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and encumbrances of record:

LOT 15, REVISED SECTION J, EAST WHITEHAVEN PARK SUBDIVISION, AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 45, PAGE 7, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY.

Tax ID: 07392B00015

Current Owner(s) of Property: ANNETTE RANDOLPH AND FRANKLIN RANDOLPH

The street address of the above described property is believed to be 4335 EAST PROCTOR, MEMPHIS, TN 38118, but such address is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.

SALE IS SUBJECT TO OCCUPANT(S) RIGHTS IN POSSESSION.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TERMS OF SALE ARE CASH. ANY TAXES OR FEES WILL BE THE RESPONSIBILITY OF THE PURCHASER. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE PURCHASE PRICE. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

OTHER INTERESTED PARTIES: None

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 35-5-101 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, but the undersigned will sell and convey only as Substitute Trustee.

This sale is also subject to the right of redemption by the INTERNAL REVENUE SERVICE/DEPARTMENT OF THE TREASURY, pursuant to 26 U.S.C. 7425 by reason of the following tax lien(s) of record in the original amount of $8,061.29 as Instrument No. 08017910 in the real property records of Shelby County Register's Office, Tennessee.

If the U.S. Department of Treasury/IRS, the State of Tennessee Department of Revenue, or the State of Tennessee Department of Labor or Workforce Development are listed as Interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entities' right to redeem the property as required by 26 U.S.C. 7425 and T.C.A. §67-1-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. If the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the purchase price. The Purchaser shall have no further recourse against the Mortgagor, the Mortgagee or the Mortgagee's attorney.

MWZM File No. 16-002522-670
MACKIE WOLF ZIENTZ & MANN, P. C., Substitute Trustee(s)
PREMIER BUILDING, SUITE 404
5217 MARYLAND WAY
BRENTWOOD, TENNESSEE 37027
PHONE: (615) 238-3630
EMAIL: TNSALES@MWZMLAW.COM

SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on **December 7, 2017 on or about 10:00AM local time,** at the Auction.com Room, Comfort Inn Downtown, 100 N. Front Street, Memphis, Tennessee, conducted by the Substitute Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by KEVIN E. MILLER, to Preferred Title & Escrow, Trustee, on September 6, 2013, as Instrument No. 13132662 in the real property records of Shelby County Register's Office, Tennessee.

Owner of Debt: Pacific Union Financial, LLC

The following real estate located in Shelby County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and encumbrances of record:

Lot 118, Revised Section A, Kirby Meadows Subdivision, as shown on plat of record in plat book 56, page 57 in the Register's Office of Shelby County, Tennessee to which plat reference is hereby made for a more particular description of said property.

Being the same property conveyed to grantor herein by warranty deed being recorded simultaneously herewith.

Tax ID: 093504 A00024

Current Owner(s) of Property: KEVIN E. MILLER

The street address of the above described property is believed to be 6641 Westfield Cv, Memphis, TN 38115, but such address is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.

SALE IS SUBJECT TO OCCUPANT(S) RIGHTS IN POSSESSION.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TERMS OF SALE ARE CASH. ANY TAXES OR FEES WILL BE THE RESPONSIBILITY OF THE PURCHASER. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE PURCHASE PRICE. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

OTHER INTERESTED PARTIES: SHELBY COUNTY DEPT. OF HOUSING AND INTERNAL REVENUE SERVICE

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 35-5-101 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, but the undersigned will sell and convey only as Substitute Trustee.

This sale is also subject to the right of redemption by the INTERNAL REVENUE SERVICE/DEPARTMENT OF THE TREASURY, pursuant to 26 U.S.C. 7425 by reason of the following tax lien(s) of record in the original amount of $2,686.30 as Instrument No. 07175446 in the real property records of Shelby County Register's Office, Tennessee.

If the U.S. Department of Treasury/IRS, the State of Tennessee Department of Revenue, or the State of Tennessee Department of Labor or Workforce Development are listed as Interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entities' right to redeem the property as required by 26 U.S.C. 7425 and T.C.A. §67-1-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. If the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the purchase price. The Purchaser shall have no further recourse against the Mortgagor, the Mortgagee or the Mortgagee's attorney.

MWZM File No. 17-000168-848
MACKIE WOLF ZIENTZ & MANN, P. C., Substitute Trustee(s)
PREMIER BUILDING, SUITE 404
5217 MARYLAND WAY
BRENTWOOD, TENNESSEE 37027
PHONE: (615) 238-3630
EMAIL: TNSALES@MWZMLAW.COM

SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on **November 17, 2017 on or about 12:00PM local time,** at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substitute Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by KENNETH TERRY AND RHONDA TERRY, to ARNOLD M. WEISS, ATTORNEY, Trustee, on December 19, 2006, as Instrument No. 06208649 in the real property records of Shelby County Register's Office, Tennessee and re-filed as Instrument No. 17033085 in the real property records of Shelby County Register's Office, Tennessee.

Owner of Debt: DEUTSCHE BANK NATIONAL TRUST COMPANY, as Trustee for SECURITIZED ASSET BACKED RECEIVABLES LLC TRUST 2007-BR2, MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2007-BR2

The following real estate located in Shelby County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and encumbrances of record:

LOT 427, SECTION G, RALEIGH HILLS SUBDIVISION, AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 31, PAGE 69, OF THE RECORDS OF THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY.

THIS CONVEYANCE IS MADE SUBJECT TO SUBDIVISION RESTRICTIONS, BUILDING LINES AND EASEMENTS OF RECORD AT PLAT BOOK 31, PAGE 69 OF THE AFORESAID REGISTER'S RECORDS.

BEING THE SAME PROPERTY CONVEYED TO RHONDA TERRY AND HUSBAND, KENNETH TERRY, AS JOINT TENANTS, BY DEED DATED JUNE 11, 1999, FROM GEORGE AND WIFE, MARTHA C. GREGORY, OF RECORD IN DOCUMENT NO. JL6103, OFFICE OF THE SHELBY COUNTY COURT CLERK

Tax ID: 07210700047

Current Owner(s) of Property: KENNETH TERRY AND RHONDA TERRY

The street address of the above described property is believed to be 3646 HANNA DRIVE, MEMPHIS, TN 38128, but such address is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.

SALE IS SUBJECT TO OCCUPANT(S) RIGHTS IN POSSESSION.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TERMS OF SALE ARE CASH. ANY TAXES OR FEES WILL BE THE RESPONSIBILITY OF THE PURCHASER. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE PURCHASE PRICE. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

OTHER INTERESTED PARTIES: OCWEN LOAN SERVICING, LLC AND LVNV FUNDING LLC, ASO GE CAPITAL AND CITIBANK SOUTH DAKOTA, N.A AND BMH WOMEN

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 35-5-101 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, but the undersigned will sell and convey only as Substitute Trustee.

If the U.S. Department of Treasury/IRS, the State of Tennessee Department of Revenue, or the State of Tennessee Department of Labor or Workforce Development are listed as Interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entities' right to redeem the property as required by 26 U.S.C. 7425 and T.C.A. §67-1-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. If the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the purchase price. The Purchaser shall have no further recourse against the Mortgagor, the Mortgagee or the Mortgagee's attorney.

MWZM File No. 13-005149-670
MACKIE WOLF ZIENTZ & MANN, P. C., Substitute Trustee(s)
PREMIER BUILDING, SUITE 404
5217 MARYLAND WAY
BRENTWOOD, TENNESSEE 37027
PHONE: (615) 238-3630
EMAIL: TNSALES@MWZMLAW.COM

SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on **November 17, 2017 on or about 12:00PM local time,** at the Southwest Corner, Adams Avenue Entrance of the Shelby County Courthouse, Memphis, Tennessee, conducted by the Substitute Trustee as identified and set forth herein below, pursuant to Deed of Trust executed by LISA MERRITT, to WESLEY D. TURNER, Trustee, on February 3, 2005, as Instrument No. 05021936 in the real property records of Shelby County Register's Office, Tennessee.

Owner of Debt: U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE UNDER SECURITIZATION SERVICING AGREEMENT DATED AS OF JULY 1, 2005 STRUCTURED ASSET SECURITIES CORPORATION, STRUCTURED ASSET INVESTMENT LOAN TRUST MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2005-HE2

The following real estate located in Shelby County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and encumbrances of record:

THE WEST 46 FEET OF LOT 33, POPE LAND COMPANY'S SUBDIVISION, AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 1, PAGE 144, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF NELSON AVENUE WITH THE EAST LINE OF ROZELLE STREET; THENCE EASTWARDLY WITH THE SOUTH LINE OF NELSON AVENUE 46 FEET; THENCE SOUTHWARDLY PARALLEL TO THE EAST LINE OF ROZELLE STREET 150 FEET TO THE NORTH LINE OF ALLEY; THENCE WESTWARDLY WITH THE NORTH LINE OF SAID ALLEY 46 FEET TO THE EAST LINE OF ROZELLE STREET; THENCE NORTHWARDLY WITH THE EAST LINE OF ROZELLE STREET 150 FEET TO THE POINT OF BEGINNING.

METES AND BOUNDS.

BEING THE SAME PROPERTY CONVEYED TO GARRY CONDREY, MARRIED, BY DEED FROM HOUSEHOLD FINANCIAL CENTER, INC. FILED FOR RECORD IN INSTRUMENT # 04075237, REGISTER'S OFFICE FOR SHELBY COUNTY TENNESSEE, DATED 5/6/04.

PROPERTY ADDRESS KNOWN AS: 1673 NELSON AVENUE, MEMPHIS, TENNESSEE 38114, SHELBY COUNTY

Tax ID: 031044 00001

Current Owner(s) of Property: LISA MERRITT

The street address of the above described property is believed to be 1673 NELSON AVENUE, MEMPHIS, TN 38114, but such address is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.

SALE IS SUBJECT TO OCCUPANT(S) RIGHTS IN POSSESSION.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION, UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE. THE TERMS OF SALE ARE CASH. ANY TAXES OR FEES WILL BE THE RESPONSIBILITY OF THE PURCHASER. IF THE SALE IS SET ASIDE FOR ANY REASON, THE PURCHASER AT THE SALE SHALL BE ENTITLED ONLY TO A RETURN OF THE PURCHASE PRICE. THE PURCHASER SHALL HAVE NO FURTHER RECOURSE AGAINST THE GRANTOR, THE GRANTEE, OR THE TRUSTEE.

OTHER INTERESTED PARTIES: GARRY CONDREY AND CAPITAL ONE BANK

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

If applicable, the notice requirements of T.C.A. 35-5-101 have been met.

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, but the undersigned will sell and convey only as Substitute Trustee.

If the U.S. Department of Treasury/IRS, the State of Tennessee Department of Revenue, or the State of Tennessee Department of Labor or Workforce Development are listed as Interested Parties in the advertisement, then the Notice of this foreclosure is being given to them and the Sale will be subject to the applicable governmental entities' right to redeem the property as required by 26 U.S.C. 7425 and T.C.A. §67-1-1433.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. If the sale is set aside for any reason, the Purchaser at the sale shall be entitled only to a return of the purchase price. The Purchaser shall have no further recourse against the Mortgagor, the Mortgagee or the Mortgagee's attorney.

MWZM File No. 16-001356-670
MACKIE WOLF ZIENTZ & MANN, P. C., Substitute Trustee(s)
PREMIER BUILDING, SUITE 404
5217 MARYLAND WAY
BRENTWOOD, TENNESSEE 37027
PHONE: (615) 238-3630
EMAIL: TNSALES@MWZMLAW.COM

Buy it, sell it, find it here

Merchandise

localfieds

Where local buyer & seller meet!

Wheels/Recreation

The key to selling your car starts here

Reach local buyers in the Localfieds.
Easy scanning help folks find your listing faster.
Get your ad in front of real buyers.
Sellers, start your engines!

Place your ad online at commercialappeal.com

The Commercial Appeal localfieds

Legal Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the replacement and relocation of an eight-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), managed by Integra Resources, LLC, a Tennessee limited liability company. The facility is currently located at 1445 Greendale Avenue, Memphis (Shelby County), Tennessee 38127, and will be relocated to a lot of approximately 4.25 acres, which does not currently have a separate street address, such lot being the east half of the approximately 8.5 acre parcel located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, and also described as Parcel B0148 00061 in the records of the Shelby County Tax Assessor. The estimated project cost is $3,370,000.00.

The anticipated filing date of the application is on or before October 13, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@bradley.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Legal Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the replacement and relocation of an eight-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), managed by Integra Resources, LLC, a Tennessee limited liability company. The facility is currently located at 1447 Greendale Avenue, Memphis (Shelby County), Tennessee 38127, and will be relocated to a lot of approximately 4.25 acres, which does not currently have a separate street address, such lot being the west half of the approximately 8.5 acre parcel located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, and also described as Parcel B0148 00061 in the records of the Shelby County Tax Assessor. The estimated project cost is $3,370,000.00.

The anticipated filing date of the application is on or before October 13, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@bradley.com.

Upon written request by interested parties, a local fact-finding hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

PEANUTS By Charles M. Schulz

CRANKSHAFT By Tom Batiuk & Chuck Ayers

FRANK & ERNEST By Bob Thaves

BORN LOSER By Art and Chip Sansom

Attachment A – 3C

Consent Calendar Request

Bradley

Michael D. Brent
Direct: 615.252.2361
mbrent@bradley.com

October 13, 2017

Ms. Melanie M. Hill
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Dear Melanie:

Enclosed you will find an original, plus two copies, of a CON Application by Open Arms Care Corporation, for the replacement and relocation of an eight-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID. The current facility located at 1447 Greendale Avenue, Memphis (Shelby County), Tennessee 38127, and will be relocated to a lot of approximately 4.25 acres near the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002. As we have previously discussed with your staff, given the nature of this application, and the fact this is a replacement of a facility that has been in operation nearly three decades by this applicant, we request that you give consideration to placing this application on the "Consent Calendar."

Should you have any questions or need anything further, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

Michael D. Brent

MDB/cae

7/4068652.1

Attachment A - 4

List of Open Arms Facilities

OPEN ARMS CARE CORPORATION TENNESSEE FACILITIES

Institutional Habilitation – MR Licensed Facilities						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
6850 Burkitt Road	Antioch	Davidson	37013	8	744-7059	L000000013139
6854 Burkitt Road	Antioch	Davidson	37013	8	744-7058	L000000013138
5821 Cane Ridge Road	Antioch	Davidson	37013	8	744-7063	L000000013140
5825 Cane Ridge Road	Antioch	Davidson	37013	8	744-7064	L000000013141
2411 Miller St	Nashville	Davidson	37211	8	744-7055	L000000013142
2415 Miller St	Nashville	Davidson	37211	8	744-7056	L000000013143
6120 Mt. Pisgah Road	Nashville	Davidson	37211	8	744-7057	L000000013137
13312 Old Hickory Blvd	Antioch	Davidson	37013	8	744-7065	L000000013136
3997 Chuckey Road	Chuckey	Greene	37641	4		L000000015457
1404 East Church Street	Greeneville	Greene	37745	4		L000000015413
1406 East Church Street	Greeneville	Greene	37745	4		L000000015410
10535 N. Hwy 58	Ooltewah	Hamilton	37363	8	744-7070	L000000013701
10539 N. Hwy 58	Ooltewah	Hamilton	37363	8	744-7071	L000000013702
11419 N. Hwy 58	Georgetown	Hamilton	37336	8	744-7062	L000000013703

Institutional Habilitation – MR Licensed Facilities						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
11421 N. Hwy 58	Georgetown	Hamilton	37336	8	744-7060	L000000013704
7841 Sims Road	Harrison	Hamilton	37341	8	744-7069	L000000013705
7845 Sims Road	Harrison	Hamilton	37341	8	744-7068	L000000013706
9253 Snow Hill Road	Ooltewah	Hamilton	37363	8	744-7066	L000000013707
9255 Snow Hill Road	Ooltewah	Hamilton	37363	8	744-7067	L000000013708
7817 Gamble Road	Georgetown	Hamilton	37336	4		L000000015538
7815 Gamble Road	Georgetown	Hamilton	37336	4		L000000016887
7812 Ball Camp Pike	Knoxville	Knox	37931	8	744-7052	L000000013746
7814 Ball Camp Pike	Knoxville	Knox	37931	8	744-7053	L000000013748
6010 Clayberry Dr	Knoxville	Knox	37931	8	744-7042	L000000013750
6011 Clayberry Dr	Knoxville	Knox	37931	8	744-7043	L000000013749
6505 Emory Road	Knoxville	Knox	37931	8	744-7050	L000000012989
6509 Emory Road	Knoxville	Knox	37931	8	744-7051	L000000012990
5407 Western Ave.	Knoxville	Knox	37921	8	744-7048	L000000013752

Institutional Habilitation – MR Licensed Facilities						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
5411 Western Ave.	Knoxville	Knox	37921	8	744-7049	L000000013751
1811 Bishops Bridge Road	Knoxville	Knox	37922	4		L000000015456
1819 Bishops Bridge Road	Knoxville	Knox	37922	4		L000000015416
12625 S. Northshore Drive	Knoxville	Knox	37922	4		L000000015463
12629 S. Northshore Drive	Knoxville	Knox	37922	4		L000000015523
4695 Allendale Dr.	Memphis	Shelby	38128	8	744-7046	L000000013496
4707 Allendale Dr.	Memphis	Shelby	38128	8	744-7047	L000000013497
5350 Benjestown Road	Memphis	Shelby	38128	8	744-7037	L000000013495
5380 Benjestown Road	Memphis	Shelby	38128	8	744-7038	L000000013494
1445 Greendale Ave.	Memphis	Shelby	38127	8	744-7039	L000000013498
1457 Greendale Ave.	Memphis	Shelby	38127	8	744-7040	L000000013499
4240 Raleigh-Millington Road	Memphis	Shelby	38128	8	744-7044	L000000013500

Institutional Habilitation – MR Licensed Facilities						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
4254 Raleigh-Millington Road	Memphis	Shelby	38128	8	744-7045	L000000013501

Licensed Day Treatment Centers						
Address	**City**	**County**	**Zip**	**Licensed Beds**	**Medicaid Number**	**DIDD License Number**
6711 Mountain View Road	Ooltewah	Hamilton	37363	N/A	N/A	L000000012791
5731 Ooltewah-Ringgold Road	Ooltewah	Hamilton	37363	N/A	N/A	L000000012792
7810 Ball Camp Pike	Knoxville	Knox	37931	N/A	N/A	L000000013747
5120 Yale Road	Memphis	Shelby	38134	N/A	N/A	L000000013486
2020 Johnson Industrial Blvd.	Nolensville	Williamson	37135	N/A	N/A	L000000013144

Attachment A - 4A

Organizational Documents

Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

BRADLEY ARANT BOULT CUMMINGS LLP
1600 DIVISION STREET SUITE 700
NASHVILLE, TN 37203

October 11, 2017

Request Type: Certificate of Existence/Authorization
Request #: 0253509

Issuance Date: 10/11/2017
Copies Requested: 1

Document Receipt

Receipt # : 003612622 — Filing Fee: $20.00

Payment-Credit Card - State Payment Center - CC #: 3712856250 — $20.00

Regarding:	OPEN ARMS CARE CORPORATION		
Filing Type:	Nonprofit Corporation - Foreign	Control # :	214758
Formation/Qualification Date:	04/14/1989	Date Formed:	12/29/1986
Status:	Active	Formation Locale:	GEORGIA
Duration Term:	Perpetual	Inactive Date:	

CERTIFICATE OF AUTHORIZATION

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

OPEN ARMS CARE CORPORATION

* a Corporation formed in the jurisdiction set forth above, is authorized to transact business in this State;
* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
* has filed the most recent annual report required with this office;
* has appointed a registered agent and registered office in this State;
* has not filed an Application for Certificate of Withdrawal.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 024541823

Control Number : J704339

STATE OF GEORGIA

Secretary of State

Corporations Division
313 West Tower
2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

CERTIFICATE OF EXISTENCE

I, **Brian P. Kemp**, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

OPEN ARMS CARE CORPORATION
a Domestic Nonprofit Corporation

was formed in the jurisdiction stated below or was authorized to transact business in Georgia on the below date. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.

Docket Number	: 14929940
Date Inc/Auth/Filed	: 12/29/1986
Jurisdiction	: Georgia
Print Date	: 10/11/2017
Form Number	: 211

Brian P. Kemp
Secretary of State

J704339
33420756

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
OPEN ARMS CARE CORPORATION

1.

The name of the corporation is Open Arms Care Corporation (the "Corporation").

2.

Effective on the date of filing these Articles of Amendment, a new Article XII shall be deemed added to the Articles of Incorporation, which shall read as follows:

"XII.

No director of the Corporation shall have any liability to the Corporation or to its members, if any, for monetary damages for any action taken, or any failure to take any action, as a director, except liability:

(A) For any appropriation, in violation of his or her duties, of any business opportunity of the Corporation;
(B) For acts or omissions which involve intentional misconduct or a knowing violation of law;
(C) For the types of liability set forth in Sections 14-3-860 through 14-3-864 of the Official Code of Georgia Annotated; or
(D) For any transaction from which the director received an improper personal benefit.

Provided, however, that the provisions of this Article XII shall not be effective for any act or omission occurring prior to December 5, 2003."

3.

These Articles of Amendment were adopted by the Board of Directors of the Corporation on December 5, 2003.

110831.1

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed by its duly authorized officers this 5th day of December, 2003.

By: _____
Mr. Robert J. Taylor, IV, President

Attest: _____
Linda C. Rendtorff, Secretary

SECRETARY OF STATE
2003 DEC -8 P 1:27
CORPORATIONS DIVISION

110831.1

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
REBOUND CARE CORPORATION

003130879
J704339
002840187 (WR)

1.

The name of the corporation is Rebound Care Corporation (the **"Corporation"**).

2.

Effective the date of filing this Articles of Amendment, Article I of the Articles of Incorporation of the Corporation is amended by deleting the existing Article I in its entirety, and by substituting the following therefor:

I.

The name of the corporation is Open Arms Care Corporation (the "Corporation").

3.

This amendment was unanimously adopted by the board of directors of the Corporation as of November 2, 2000.

4.

Action by the members of the Corporation was not required for the adoption of this amendment.

5.

The undersigned hereby certifies that the request for publication of a notice of intent to file Articles of Amendment to change the name of Rebound Care Corporation to Open Arms Care Corporation and payment therefor have been made as required by Section 14-3-1005.1 of the Georgia Nonprofit Corporation Code.

IN WITNESS WHEREOF, the Corporation has caused this Articles of Amendment to be executed by its duly authorized officer as of November 2, 2000.

REBOUND CARE CORPORATION

By: [signature]
Name: ROBERT J. TAYLOR IV
Title: PRESIDENT

CORPORATIONS DIVISION
NOV 13 - 6 PM 1:29
SECRETARY OF STATE

82060.1

CERTIFICATE

THIS DOCUMENT RECEIVED AND FILED IN THE OFFICE OF THE SECRETARY OF STATE

BY: Sadie Shaw

DATE: 3/27/89

TRANSACTION # 89086112

CHARTER # 8704339

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

REBOUND CARE CORPORATION

WE, the undersigned, James P. Kelly and Brynda J. Baker, being respectively the President and Secretary of REBOUND CARE CORPORATION, a corporation incorporated on December 29, 1986, under the laws of the State of Georgia and assigned Charter Number 8704339, do hereby certify as follows:

1. The name of the corporation is REBOUND CARE CORPORATION (the "Corporation").

2. The Corporation is organized pursuant to the Georgia Business Corporation Code.

3. These Amended and Restated Articles of Incorporation of the Corporation were authorized by the directors and shareholders of the Corporation by unanimous written consent dated January 3, 1989.

4. These Amended and Restated Articles of Incorporation restate and integrate and further amend the provisions of the original Articles of Incorporation, as heretofore amended, by providing for the conversion of the Corporation to a non-profit corporation organized pursuant to the provisions of the Georgia Nonprofit Corporation Code.

5. The text of the Articles of Incorporation, as restated and integrated and as further amended hereby, is restated to read as herein set forth in full:

I.

Name

The name of the Corporation shall be:

REBOUND CARE CORPORATION

II.

Nonprofit Corporation

The Corporation shall be a nonprofit corporation organized and operated under the Georgia Nonprofit Corporation Code.

III.

Perpetual Duration

The period of duration of the corporation shall be perpetual.

IV.

Charitable Purposes

The Corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The Corporation shall serve only such purposes and functions and shall engage only in such activities as are consonant with

the purposes set forth in this Article IV and as are exclusively charitable and are entitled to charitable status under Section 501(c)(3) of the Internal Revenue Code.

V.

Publicly Supported Tax-Exempt Nonprofit Corporation

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

It is intended that the Corporation shall have, and continue to have, the status of an organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and which is other than a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. All terms and provisions of these Articles of Incorporation and the Bylaws of the corporation and all authority and operations of the Corporation, shall be construed, applied and carried out in accordance with such intent.

VI.

Board of Directors

The Board of Directors shall have general charge of the affairs and any property and assets of the Corporation. It shall be the duty of the directors to carry out the purposes and functions of the Corporation. The directors shall be elected in accordance with the Bylaws of the Corporation and shall have the powers and duties set forth in these Articles of Incorporation and in the Bylaws, to the extent that such powers and duties are not inconsistent with the status of the Corporation as a nonprofit corporation which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and which is other than a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code.

The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code.

The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code.

The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code.

The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

VII.

Members

The Board of Directors of the Corporation shall have the power to admit members to the Corporation in such manner, subject to such qualifications, and upon such terms and conditions and with such rights and privileges as may be provided from time to time in the Bylaws of the Corporation and as are not inconsistent with any provision of these Articles of Incorporation. Members may be divided into one or more classes.

VIII.

Dissolution

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code, as the Boards of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Superior Court of Fulton County, Georgia exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

IX.

Powers

Except as limited and prescribed by the specific provisions of these Articles, the Corporation shall exercise all powers which now or hereafter may be conferred by law upon a nonprofit corporation organized for the purposes hereinabove set forth, including the power to enter into any

contract of guaranty, suretyship, or endorsement where the corporation guaranteeing has no direct interest in the subject matter of the contract guaranteed as well as the power to make any purely accomodation guaranty, endorsement or contract of suretyship.

The Corporation shall have the power to indemnify its officers, directors, employees and agents and to purchase and maintain liability insurance on their behalf, to the extent provided in and subject to the limitations of the Georgia Nonprofit Corporation Code.

The Corporation shall have power to receive and accept donations, in money or in property, either without restriction, or restricted to such purposes as the donor may provide, provided such purpose is within the purpose of this Corporation, and any such restricted donations shall be used for the purposes to which restricted. Any such donation or contribution may be designated as a memorial and, in such case, the Director shall designate an appropriate memorial.

X.

Definitions

For purposes of these Articles of Incorporation, "charitable purposes" include charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, contributions for which are deductible under Section

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170(c)(2) of the Internal Revenue Code. All references in these Articles of Incorporation to sections of the Internal Revenue Code shall be considered references to the Internal Revenue Code of 1986, as from time to time amended, and to the corresponding provisions of any applicable future United States Internal Revenue Law, and to all regulations issued under such sections and provisions.

XI.

Amendments

These Articles of Incorporation may be amended at any time and from time to time by the affirmative vote of a majority of all of the directors then in office.

6. The vote of a majority of the shareholders entitled to vote thereon is required to amend the Articles of Incorporation. The foregoing Amended and Restated Articles of Incorporation of the Corporation were adopted by the unanimous written consent of the holders of all of the Corporation's six hundred (600) shares outstanding and entitled to vote thereon.

7. These Amended and Restated Articles of Incorporation supersede the original articles of incorporation as heretofore amended.

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IN WITNESS WHEREOF, REBOUND CARE CORPORATION, has caused these Amended and Restated Articles of Incorporation to be executed and its corporate seal to be affixed and has caused same to be attested, all by its duly authorized officers, on the 22nd day of March, 1989.

REBOUND CARE CORPORATION

By James P. Kelly
James P. Kelly
President

ATTEST:

Brynda J. Baker
Brynda J. Baker
Secretary

(CORPORATE SEAL)

SECRETARY OF STATE
MAR 23 6 00 PM 89

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Attachment A - 5

Management Agreement

AGREEMENT TO PROVIDE MANAGEMENT SERVICES

OPEN ARMS-Shelby #2

____Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002

Integra Resources, LLC, Manager

and

Open Arms Care Corporation, doing business as

OPEN ARMS--____Old Brownsville Road, Owner

MANAGEMENT AGREEMENT

OPEN ARMS--____Old Brownsville Road

THIS MANAGEMENT AGREEMENT ("Agreement"), effective as of _____, 2017, between OPEN ARMS CARE CORPORATION, a Georgia nonprofit corporation, doing business as OPEN ARMS--____Old Brownsville Road ("Open Arms"), and INTEGRA RESOURCES, LLC, a Tennessee limited liability company ("Integra").

RECITALS:

WHEREAS, Open Arms, desires to provide for management of a facility providing intermediate care services for individuals with intellectual disabilities ("ICF/IID") located at ____ Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, commonly referred to as OPEN ARMS----____Old Brownsville Road (the "Facility") by Integra; with a Facility-specific TennCare provider number to be issued by the State of Tennessee after the Certification Date (as defined in the Lease described below); and

WHEREAS, Integra desires to be engaged by Open Arms to provide such services;

NOW THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, agree as follows:

1. **Open Arms as Provider.** Open Arms, as the official provider of record for TennCare/Medicaid purposes, shall hold all authorizations and licenses necessary or incidental thereto with respect to the Facility. Notwithstanding any other provision to the contrary herein contained, Open Arms shall at all times exercise ultimate control over the assets and operation of the Facility. It is understood and agreed that the relationship between the parties hereto is that of independent contractors, and nothing herein contained shall be deemed to create or authorize the creation of the relationship of partnership or joint venture between said parties.

2. **Integra's Obligations.** In accordance with the provisions of this Agreement, Integra shall assume day to day operational responsibility for each Facility and shall manage and operate the Facility efficiently in accordance with the standards prevailing in the ICF/IID industry. Without limitation, during the term of Integra's management of the Facility hereunder, Integra shall perform the following specific management services for Open Arms with respect to the Facility:

(a) In general, manage the Facility so as to meet all requirements of state and federal licensing, and reimbursement certification (as well as to meet the prevailing standards for applicable quality assurance and accreditation groups pertaining to the Facility), all as applicable to an ICF/IID facility, and provide care for the Facility's residents, which care shall include but shall not be limited to the providing or monitoring of:

(i) the medical and psychological condition of the residents, including maintenance of medical records;

(ii) the activities, both personal and familial, of the residents;

(iii) the dietary requirements of the residents;

(iv) physical therapy and day services programs for the residents; and

(v) the quality of life of the residents.

(b) Provide care and treatment to all of the Facility's residents, protecting their rights pursuant to applicable state and federal law, including laws pertaining to safe-guarding and accounting for residents' personal funds.

(c) Maintain each Facility and its premises in a state of good operating condition and repair, reasonable wear and tear excepted, and in a manner that conforms to the obligations of Open Arms pursuant to a Lease Agreement dated as of March 1, 2016 between Open Arms, as tenant, and WCO AL DP, LLC, as landlord ("Landlord") (the "Lease"), and the Omnibus Agreement for Leases, as amended, originally dated as of April 1, 2015, between Open Arms and WCO AL DP, LLC (the "Omnibus Agreement").

(d) Provide well-qualified Integra employees to serve as the Market Area Director for the area where the Facility is located, senior "home office" management staff and other staff, all as required to meet Integra's obligations under this Agreement, which employees will have overall authority for the day to day operation and management of the Facility. The remaining day-to-day staff of the Facility, including the Facility administrator or director, shall consist of employees of Open Arms, provided, however, that Integra shall have full authority within the scope of this Agreement and the applicable approved annual Budget, to manage, hire, train, determine compensation for and, at Integra's discretion, fire such staff and employees. Integra covenants that it shall not discriminate against any such employee or any member of such staff, or applicant therefor, because of race, religion, color, national origin, sex, handicap, military status, age, or any other basis protected by law, all in accordance with applicable law.

(e) Subject to the limitations of Section 5 hereof, purchase on commercially reasonable terms in Open Arms' name and behalf, all equipment, repairs, improvements, furniture and fixtures required for the efficient operation of the Facility and to maintain the Facility in a state of good operating condition and repair, commensurate with the standards and quality of other similar facilities.

(f) Subject to the limitations of Sections 4(b) and 5 hereof, contract with third parties, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the rendition of the following services to Open Arms and to clients of Open Arms: (i) therapy services, e.g. occupational, speech and physical; (ii) medical services, e.g. medical doctors, nurses, pharmacists, psychologists, dentists and dieticians; and (iii) services related to maintenance of heating, ventilation and air conditioning, plumbing,

security and other building and equipment systems, alarms, telecommunication systems, vehicles and copiers, all such services to be rendered at the Facility in the ordinary course of business (hereinafter referred to as "Routine Services"). Additionally, with the prior written consent of Open Arms, which shall not be unreasonably withheld, Integra may sub-contract its management duties in the areas of ancillary services, financial services, accounting services, human relations services, staff development services, governmental relations and policy and forms development to one or more sub-contractors reasonably chosen by Integra, and which may be related to Integra (with any costs associated with such sub-contracting to be the sole expense of Integra). Otherwise, with respect to its obligations hereunder, Integra shall not contract with any Affiliate of Integra or its officers or directors. For purposes of this Agreement, an Affiliate shall mean any other person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, Integra. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Integra, whether through the ownership of voting securities, by contract or otherwise ("Affiliate"). Integra's authority to contract under this Section 2(f) shall include the authority to amend, modify or terminate any such contract.

(g) Integra will on a regular basis direct and coordinate the development of operational policies and procedures for the Facility and submit such recommendations to Open Arms for its input, review and approval. Integra will annually review and, as appropriate, prepare recommendations as to changes in operational policies and procedures for the Facility and submit such recommendations to Open Arms for its review and approval. Said policies and procedures shall meet all applicable state and federal licensing and reimbursement certification requirements, as well as the requirements of such quality assurance and accreditation groups as may have jurisdiction over the Facility.

(h) Perform all accounting, bookkeeping, and record keeping functions to enable Open Arms to meet the financial reporting, record keeping, and budgetary requirements of (x) the Lease (and any lender to the Landlord, as may be required by the Lease) (y) all applicable statutes, rules or regulations of governmental agencies and (z) Open Arms as described in this Agreement. All such reporting and record keeping shall be maintained on a calendar year, accrual basis. Integra shall arrange for the timely annual audit of the financial statements of Open Arms, and the preparation of the cost reports for the Facility by a nationally recognized firm of independent certified public accountants selected by Open Arms. The accounting and other services to be performed by Integra hereunder or under Integra's supervision with respect to the Facility shall include, but not be limited to the following:

(i) The preparation of monthly financial statements of operations and statistical reports for the Facility and combined monthly statements of operations for the Facility to be submitted to Open Arms within twenty-five (25) days after the end of each month.

(ii) The maintenance of all records for resident billing, billing for all accounts receivable and (to the extent practicable without undue expenditure of funds) collection of same and recommendations to Open Arms for write-offs of uncollectible accounts receivable or contracted adjustments and the reasons for such recommendations.

(iii) The maintenance of all records for accounts payable and the payment of the same.

(iv) The preparation of support schedules and analyses for TennCare/Medicaid cost reports and Federal Form 990 information returns; and the review of Federal Form 990 returns and TennCare/Medicaid cost reports as prepared by external auditors.

(v) The preparation of all necessary reports and returns for all sales, use, ad valorem (for both real and personal property) and occupancy taxes.

(vi) The maintenance of a complete general ledger recording and summarizing the transactions of the Facility.

(vii) The maintenance of any other records required by the Lease.

(viii) The maintenance of records relating to the budgeting, approval, purchase, payment and reimbursement for capital improvement items (whether paid from the Reserve, the Depreciation Reserve Fund, or from capital improvement term loan advances (all as defined and described in the Omnibus Agreement, collectively "Capital Expenditures"); the generation and distribution of monthly reports on activity, and the preparation of reimbursement requests.

(ix) By the 25th day of the month following each calendar quarter and by the 25th day after each change in the Budget (as defined in Section 2(i) hereof), the delivery to Open Arms of a written report and analyses showing calculations with respect to Open Arms' compliance with each rate and liquidity covenant in the Lease for the period(s) in question.

(x) No later than the 25th day following the end of each calendar quarter, Integra shall prepare and submit to Open Arms a proposed quarterly cash flow budget projecting cash receipts and disbursements for the fifteen (15) months that begin with that quarter, based on the proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of short-term operating requirements and/or as to the sources and amounts of additional cash flow that may be required

to meet operating requirements and capital requirements. Integra shall revise the cash flow budget quarterly and submit said revised cash flow budget to Open Arms in accordance with the schedule described above in this Section h(x).

(i) The Facility annual operating budget (the "Budget") for the calendar year 2017 shall be attached hereto as Exhibit A, after finalization and approval in writing by each party hereto on or before the Certification Date. For each subsequent calendar year, Integra shall prepare and submit to Open Arms, no later than sixty (60) days before the beginning of each subsequent calendar year (unless a written extension of no more than twenty (20) days is granted by Open Arms), a proposed Facility annual budget, in the same format as Exhibit A, covering the operation of the Facility as follows:

(i) An annual operating budget setting forth an estimate of consolidated operating revenues and expenses of the Facility for the next calendar year, together with an explanation of anticipated changes in Facility utilization, reimbursement rates, staffing plan, scheduled training plan, non-wage costs, and all other factors differing significantly from the current year.

(ii) A three-year cash flow budget projecting cash receipts and disbursements for the next twelve (12) calendar quarters based on proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of operating requirements and/or as to the sources and amounts of additional cash flow that may be required to meet operating requirements and capital requirements.

(iii) An annual capital needs budget setting forth an estimate of anticipated capital expenditures anticipated to be needed for the Facility for the next calendar year, to be presented to the Landlord pursuant to the Lease.

(iv) At any other time that Integra reasonably determines that a current budget is not feasible, Integra shall submit promptly a revised budget to Open Arms for approval, together with a written explanation of the basis for any modification from the budget previously approved by Open Arms. Open Arms shall not unreasonably withhold its approval of the budgets (including any revised budget) submitted by Integra. In the event Open Arms fails to approve a budget submitted by Integra for any subsequent year, the operating budget for such year will be the budget of the previous year plus a three percent (3%) escalation of the total amount thereof.

(j) Use its best efforts to operate the Facility in accordance with the provisions of the Budgets submitted to and approved in writing by Open Arms.

(k) Subject to the limitations of Section 16 hereof, act as Open Arms' agent and diligently and competently represent Open Arms in any matter involving operational issues, management issues, governmental issues, legislative issues and administrative issues, after promptly notifying Open Arms in writing of any such matter (other than notification of such matters that are reasonably deemed immaterial by Integra in scope and occur in the ordinary course of business, which notification shall not be required), said matters to include but not be limited to (i) any actions or determinations of or before any governmental agencies, including but not limited to those related to licensure of Open Arms or the Facility and TennCare/Medicaid rate adjustments; (ii) ad valorem tax liabilities or valuation determinations; (iii) EEOC issues or complaints or (iv) contracts necessary to perform day to day operational responsibilities.

(l) Operate the Facility in accordance with Open Arms' obligations under the Lease and other third-party contracts related to the operation of the Facility, and properly and punctually will perform all of Integra's obligations under this Agreement, unless otherwise directed by Open Arms, in a manner to cause Open Arms' compliance with its obligations under the Lease and said third-party contracts. Except as otherwise set forth herein, including but not limited to Section 5 hereof, Integra shall have no obligation to be financially responsible for funding any Costs of Operation (as that term is defined in Section 4(b)) or for funding the cost of any repairs, renewals or replacements, or make any payments under the terms of the Lease except from Open Arms' funds unless the need for any such payment, repair, renewal or replacement arises as a result of the negligence, malfeasance or breach of this Agreement by Integra. Nothing herein shall constitute a guarantee by Integra that the Facility, whether individually or collectively, will be able to meet the covenants or requirements set forth in the Lease or any other level of financial performance.

(m) Cause its representatives reasonably requested by Open Arms to attend quarterly meetings of the Board of Directors of Open Arms (and such other meetings of such Board as Open Arms may reasonably request) for the purpose of providing information and advice concerning the management of and issues related to the Facility. The direct out-of-pocket costs and expenses of attending any such meetings shall be deemed a part of the Costs of Operation.

(n) Arrange for architectural, engineering, and construction services in connection with any and all subsequent capital improvements to the Facility, and diligently oversee on behalf of Open Arms the construction of such capital improvements.

(o) Manage the Facility in a manner consistent with the maintenance of Open Arms' section 501(c)(3) status. In particular, but without limitation, Integra shall not evict any resident from the Facility for inability to pay any fees or charges without the prior written consent of Open Arms.

(p) Engage in all governmental and community relations activities which are reasonably appropriate for the successful reputation and operation of the Facility, and

maintain good communications with governmental and other organizations, in regard to the operation and management of the Facility.

(q) Subject to the limitations of Section 5 hereof and Open Arms' prior written approval, contract, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the following:

(i) Insurance, including commercial auto, general and professional liability, workers compensation, property, excess liability and fidelity;

(ii) Employee benefits, including medical/hospital and life insurance for the Open Arms employees. Integra will coordinate audits necessary to verify the accuracy of submissions estimates and will provide the necessary policy maintenance services as required by the insurance carrier and the provisions of the insurance contracts.

(r) In conjunction with each insurance policy renewal or change in insurance coverage, provide Open Arms with a written understandable explanation of the new coverage's insurance benefits, claims procedures, and other pertinent information related to the new coverage, as well as the cost and experience history for the immediately preceding insurance coverage provided to Open Arms' employees.

(s) No later than the 30th day following the end of each month, provide Open Arms' Board of Directors with a written review of current operations, including information concerning periodic service reviews performed by Integra, and such other operational reporting reasonably sufficient for Open Arms' oversight responsibilities, including reporting of surveys, response to surveys, abuse reports and other special concerns.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

Notwithstanding the foregoing, Integra may begin assisting with the transition of the Facility to the services to be provided pursuant to this Agreement up to fifteen (15) days in advance of the effective date of this Agreement.

3. **Open Arms' Rights and Obligations.** During the term of Integra's management of the Facility hereunder, the obligations of Open Arms with respect to the management of the Facility shall consist of the following:

(a) In writing during the second quarter of each calendar year, and orally at each meeting of Open Arms' Board of Directors, to furnish to Integra a report on the goals and general policies of Open Arms and their implementation, as well as procedural guidance and direction for the operation of the Facility. Additionally, Open Arms shall

periodically appoint and replace, in the discretion of Open Arms, individuals to serve on any "joint operating committee" for the Facility or similar group to oversee and offer advice to Integra with respect to the day-to-day operations of the Facility.

(b) At any time and from time to time, to examine, observe, and inspect the Facility, and any and all records and reports applicable thereto and to the services and functions of Integra.

(c) To consider the approval of the Budgets and annual plans submitted by Integra for the operation of the Facility, which approval shall not be unreasonably withheld.

(d) With the recommendation and assistance of Integra, to establish operating policies, standards of operation, admission policies, standards of service and maintenance and resident rates and other charges for the Facility's residents. Further, Open Arms, as Lessee, agrees to use diligent good faith efforts to comply with all of its obligations set forth in the Lease, without limitation on Integra's contractual obligations to effect such compliance on Open Arms' behalf.

(e) To assist with the establishment of policies affecting the Facility or the operation thereof which are not inconsistent with the responsibilities assigned to Integra under the terms of this Agreement.

(f) To play an active role in promoting the good will and public image of the Facility, their residents and, to the extent appropriate, Integra.

(g) To cooperate with Integra in executing all forms and returns required pursuant to applicable taxing statutes, rules and regulations and applicable governmental reimbursement programs.

(h) To use diligent good faith efforts to maintain its status as a corporation which is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code") and which is not a private foundation.

(i) To maintain its status as provider of record within the State of Tennessee, including but not limited to maintaining records and Board of Directors minutes addressing goals and services actually received under this Agreement, and the continuing need and effectiveness of such services.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

4. Revenues, Costs of Operations and Management Fee.

(a) During the term of Integra's management of the Facility hereunder, all revenues payable to the Facility shall be deposited into and paid out of one or more bank accounts established by Integra on behalf of Open Arms at a financial institution selected by Integra and approved by Open Arms and Facility Mortgagee under the Lease, which approval shall not be unreasonably withheld, all in accordance with the provisions of any "Deposit Account Control Agreement" ("DACA") or similar agreement required pursuant to the Lease. Such revenues and other amounts shall be utilized for the payment of the following items on a monthly basis in the following order of priority: (i) the Costs of Operation; (ii) payments of rent; (iii) any outstanding cash advances made by Integra (pursuant to Section 5 below); (iv) any Management Fee (as defined in Section 4(c) below) for any prior periods; and (v) the Management Fee for the current period. Notwithstanding any modification or termination of the Lease, Open Arms shall make, or cause to be made, the payments specified above to Integra in an order of priority at least as favorable to Integra as that order required by the Lease prior to any modification or termination of the Lease subsequent to the date hereof. If the Revenues (as defined in the Lease) shall be insufficient to pay all of the amounts described in clauses (i) through (iv) of this paragraph, then such amounts shall be paid from and out of any other available funds in accordance with and subject to the limitations as set forth in the Lease.

(b) The Costs of Operation shall consist of (i) all costs and expenses properly incurred in the operation and management of the Facility and day services programs in accordance with the provisions of this Agreement, including matters referred to herein as Integra's responsibility, including but not limited to any salary, compensation, expense reimbursement or payments to, or benefits for, employees of Open Arms or Integra who work at the Facility (including Market Area Directors formerly employed by Open Arms and now employed by Integra) and the costs of repairs to, and maintenance of, the Facility (but not the cost of Capital Expenditures), (ii) all premiums or charges for insurance coverage as described herein with respect to the operations of the Facility or the employees described above, (iii) direct expenses and costs incurred in connection with the purchase of necessary supplies for the Facility, the furnishing of utilities to the Facility and other necessary services furnished by independent contractors for the Facility, (iv) any audit adjustments or payments required in connection with or as a consequence of any proceeding or appeal related to reports or the returns described in Sections 2(h)(iv) and or matters arising out of issues addressed in Section 2(k) hereof; (v) any ad valorem taxes payable with respect to the Facility and (vi) reasonable costs or expenses properly incurred by Integra on behalf of Open Arms, including costs incurred due to any change in the rules and regulations of any governmental authority with jurisdiction over the Facility which costs are required to be incurred to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility (the "Costs of Operation"). Prior written approval by Open Arms is required for each reimbursement. If it is reasonably deemed necessary by Integra for Integra to provide or arrange for direct care, supervisory support or consulting services on a temporary basis to the Facility, unless otherwise provided for herein, the reasonable expenses for providing these services will be charged to Open Arms and included in the Cost of Operations.

Such expenses will include items such as employee or subcontractor wages, federal and state income taxes, benefits, travel and other direct charges, all of which shall be reasonable. If the temporarily assigned employee undertakes a work assignment for Open Arms that encompasses the period after a holiday and works at the Facility the day prior to the holiday but not on the holiday, the compensation paid to the employee for that holiday will be charged to the Facility. Vacation expenses for the temporarily assigned employee will be included as a part of the benefit cost on a prorated basis.

(c) (i) The Management Fee shall be paid to Integra in accordance with the terms of this Section 4(c) (the "Management Fee").

(ii) Subject to adjustment as provided in this paragraph, the Management Fee payable to Integra shall be $_____ per year. The Management Fee shall be increased annually during the term hereof by a percentage proportionate to any adjustment for inflation or cost of living applied by the Tennessee TennCare/Medicaid program (or successor program) with respect to costs utilized for purposes of determining applicable TennCare/Medicaid rates for such year, to be effective at the time of the adjustment in the TennCare/Medicaid rates received by Open Arms. In the event the Facility, or any replacement facility, shall no longer be operated under this Agreement, the Management Fee payable under this Agreement shall no longer accrue, commencing with the date following the cessation of such operation. Notwithstanding anything to the contrary contained herein, if an event of default has occurred pursuant to the Lease due to a the failure of Integra to comply with the requirements of this Agreement, and such Lease default has not been cured within sixty (60) days after the occurrence thereof, the Management Fee shall continue to accrue but payment thereof shall be suspended until such Lease default has been cured.

(iii) The Management Fee shall accrue beginning with the date of this Agreement, and each month's fee as accrued shall be (a) submitted for payment by Open Arms to the agent under any "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease within ten (10) days after Open Arms' receipt of Integra's invoice therefor; and (b) paid in accordance with the terms of such Deposit Account Control Agreement or similar agreement.

(d) To the extent amounts available for such purpose under the "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease in any month are not sufficient to pay the Management Fee or other amounts owed to Integra ("Other Amounts"), after giving effect for the last sentence of Section 4(a) hereof, any unpaid Management Fee and Other Amounts shall accumulate interest at a simple interest rate equal to one percent (1%) per annum commencing as of the payment due

date(s) of the Management Fee and Other Amounts, and such past due Management Fee and Other Amounts plus accumulated interest thereon shall be paid promptly when revenues are sufficient to do so or other funds become available to Open Arms with which to make such payments. Such rate payable as determined in the preceding sentence shall be hereinafter referred to as the "Advance Rate."

(e) This Agreement is subject to that certain Subordination Of Management Agreements of even date herewith by and among Open Arms, Integra and Landlord (the "Subordination"), pursuant to which all Management Fees have been subordinated to the Lease and all payments of rent due thereunder, and all other amounts from time to time payable by Open Arms to Landlord, except as otherwise allowed pursuant to the Subordination.

5. **Capital Improvements and Working Capital.** To the extent not prohibited by law or the Lease, Open Arms shall have the obligation of advancing funds for all capital expenditures required by the rules and regulations of any governmental authority, and required to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility. Subject to Open Arms' prior written consent, which shall not be unreasonably withheld, and subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to advance funds, or require the Landlord to advance funds, for such capital expenditures required for the efficient operation of the Facility and to maintain the Facility in good condition, commensurate with the standards and quality of other similar facilities.

Integra is hereby authorized to incur expenses and liabilities in the ordinary course of rendering the services described herein in accordance with the Budget and to purchase individual capital assets necessary for each Facility but which are not set forth in the Budget which do not have an individual cost in excess of Five Thousand Dollars ($5,000) and a calendar year aggregate cost in excess of Fifty Thousand Dollars ($50,000), subject to the total amount approved in the annual expense budget for Cost of Operations. The determination of whether an expenditure constitutes a Capital Expenditure shall be made pursuant to Section 2(iii) and in accordance with generally accepted accounting principles.

Subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to provide all capital required to pay timely all Costs of Operation, the Management Fee, Capital Expenditures, and all obligations of Open Arms hereunder. Integra shall not be obligated to provide any working capital for the operation of the Facility, except that Integra shall be required to furnish working capital required to perform its obligations hereunder that are not to be underwritten by Open Arms.

6. **Term.** This Agreement shall commence at 12:01 a.m.on the day following the Certification Date (as defined in the Lease) (the "Commencement Date") and unless earlier terminated in accordance with Section 7 hereof, shall expire seven (7) years after the Commencement Date (the "Original Term"); provided, however, that this Agreement shall automatically renew for one (1) successive additional seven (7) year period unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Original Term (the "Initial Extension Term"). Additionally, this Agreement

shall automatically renew for successive one (1) year periods after the end of the Initial Extension Term, unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Initial Extension Term or any successive one (1) year period pursuant to the automatic renewal provisions or any agreed extensions. Except as otherwise set forth herein, the term of this Agreement shall not end on less than one hundred eighty (180) days prior notice to allow Open Arms or a successor manager of the Facility ample time to transition operations and continue care and services so as not to harm the residents of the Facility.

7. Default, Right to Cure and Termination.

(a) Each of the following shall be deemed to be an "Event of Default" hereunder:

(i) If Integra fails to maintain and operate the Facility according to the standards established or imposed hereunder or by any applicable laws or regulations or governmental agencies having jurisdiction or authority over the Facility, other than solely by reason of the failure of Open Arms (unless the failure of Open Arms is due to any acts or omissions of Integra) to comply with its obligations thereunder or hereunder.

(ii) If the certificates and authorizations for the Facility to participate under the TennCare/Medicaid program (or successor program) are suspended, canceled or revoked because either party has failed to perform its obligations hereunder and such party is not, in good faith, diligently pursuing the reinstatement of such certificates and authorizations as set forth in paragraph (b) of this Section 7.

(iii) If either party is or becomes insolvent or makes an assignment for the benefit of creditors or commits an act of bankruptcy or files a voluntary petition under the provisions of the United States Bankruptcy Code, including without limitation, a petition for reorganization or arrangement or consents to an involuntary petition or is adjudicated a bankrupt.

(iv) If either party violates, or is in breach of, any material term or condition of this Agreement. For purposes of this paragraph (iv), without limitation, (y) the failure of either Integra or Open Arms to operate the Facility in accordance with the provisions of the Budgets submitted to and approved by Open Arms or (z) the non-payment of any Management Fee or Other Amounts (as defined in Section 4(d) for a period of sixty (60) days, shall be considered a breach of a material term of this Agreement

(b) Upon the occurrence of an Event of Default, the party not responsible for the Event of Default (the "Non-Defaulting Party") may declare this Agreement

terminated; provided, however, that with respect to subsections 7(a)(i) - 7(a)(iv), this Agreement may be terminated by the Non-Defaulting Party only in the event the other party (the "Defaulting Party") fails to cure the Event of Default within thirty (30) days after written notice from the Non-Defaulting Party, which notice shall specify in sufficient detail all material information known by the Non-Defaulting Party concerning the specific circumstances of the Event of Default so as to give the Defaulting Party adequate notice and the opportunity to cure same; provided further the Non-Defaulting Party shall not have the right to terminate this Agreement if at the end of such thirty (30) day period, cure of the Event of Default is reasonably foreseeable, the Defaulting Party has taken reasonable steps to cure the Event of Default within said period, and the Defaulting Party proceeds diligently thereafter to cure the Event of Default. Notwithstanding anything to the contrary contained herein, upon an event of default under the Lease, which default continues after the giving of any required notices and the expiration of any cure periods provided for in the Lease and which has not been waived or cured as provided in the Lease, Open Arms shall have the right to terminate this Agreement upon written notice given to Integra.

(c) (i) Upon termination of this Agreement for any reason other than (A) by reason of Integra being responsible for an Event of Default, or (B) Integra's election not to extend this Agreement at the end of the original term or any renewal term, any outstanding accrued Management Fee, Other Amounts, and advances by Integra to Open Arms pursuant to Section 5 hereof (collectively, "Open Arms Obligations") shall become immediately due and payable.

(ii) Subject to the terms and conditions of the Lease, upon termination of this Agreement by reason of Integra's election not to extend this Agreement at the end of the original term or any renewal term, any Open Arms Obligations shall be payable by Open Arms to Integra in twelve (12) equal monthly installments, commencing thirty (30) days after the effective date of such termination, together with simple interest accruing from such effective date at the Advance Rate, payable monthly in arrears.

(iii) Notwithstanding any other provision to the contrary contained in this Section 7(c), any payments to Integra upon termination of this Agreement for any reason shall be made only in accordance with and as limited by the restrictions set forth in the Lease.

8. **Insurance.** On behalf of, and at the expense of Open Arms, Integra shall use its best efforts to procure and maintain in full force and effect on a cost-effective basis all insurance coverage required by the Lease, or by any lender to the Landlord, or by any governmental authority with jurisdiction over the Facility, to the extent such insurance coverage requirements are stricter than any specific insurance requirements contained herein. Integra shall provide Open Arms with written evidence of such coverage at the time of inception of coverage, on an annual basis thereafter, and at any other time as requested by Open Arms, which insurance may be provided on a multi-facility basis with other facilities operated by Open Arms.

All such insurance to the extent appropriate will name Integra, Open Arms, and to the extent required by the Lease, the Landlord and any lender to the Landlord, as co-insured parties or additional insured parties. The premiums for all insurance coverage which directly insures the risks of the Facility shall be paid by Open Arms as part of the Costs of Operation. Open Arms and Integra hereby each waive any right of recovery against the other party for any claims that may be brought for any loss which is covered by fire and extended coverage insurance upon or relating to the Facility and the furnishings and equipment thereon to the extent such claims are paid by said coverage. This waiver of subrogation shall be valid and binding only in the event it is recognized and accepted by the fire and hazard insurance companies under policies obtained hereunder.

(a) Integra shall use its best efforts to (i) secure certificates of insurance for Open Arms, (ii) maintain the original of such policies at the office of Integra, (iii) deliver duplicate copies of the policies to Open Arms and the Landlord, and (iv) procure endorsements thereto prohibiting any termination or cancellation thereof until the expiration of thirty (30) days' after written notice of cancellation to all named insureds.

(b) In addition, Integra shall procure and maintain in full force and effect during the term hereof, to cover acts and omissions during the term of its services hereunder (i) $1,000,000 each occurrence/$1,000,000 aggregate general and professional liability insurance coverage, (ii) $1,000,000 each occurrence/$1,000,000 aggregate bodily injury and property damage insurance, as supplemented by general liability coverage under a $5,000,000 umbrella policy and (iii) workers' compensation insurance coverage with limits not less than those limits carried by Open Arms respect to the Facility during the one year period prior to the date hereof, in order to insure itself against normal business risks inherent in its operation and management of the Facility and shall, to the extent possible without increases in premiums unless said increases are paid by Open Arms after Integra gives reasonable notice to Open Arms thereof, cause Open Arms to be named as an additional insured thereunder, to the extent its interests appear, on the policies evidencing such insurance. As reasonably requested by Open Arms from time to time, Integra shall provide Open Arms with written evidence that such insurance coverage remains in full force and effect.

(c) In addition, Integra shall procure and maintain in full force and effect fidelity insurance coverage on a loss discovered basis (including crime, employee dishonesty, including third party coverage) to insure against damages resulting from such acts or omissions by Integra or any of its contractors or agents which take place during the term of this Agreement. All such insurance coverage shall have a limit of not less than $1,000,000, with a deductible of not more than $10,000, shall name Open Arms as an additional named insured, and shall contractually require the carrier to inform Open Arms immediately in the event of any pending lapse in coverage for any reason. Simultaneously with the execution of this Agreement, Integra shall furnish Open Arms with a Certificate from said carrier evidencing the effectiveness of such insurance coverage.

9. **Use of Premises.** Integra shall not, without the prior written consent of Open Arms, at any time use the Facility or any portion thereof, or permit the Facility or any portion

thereof to be used for purposes other than an ICF/IID facility in compliance with all applicable rules and regulations of the United States and the State of Tennessee.

10. **Right to Inspect.** At any time during regular business hours, and at any time outside regular business hours if prior telephonic notice during regular business hours is given to the designated official of Integra having on-site management responsibility for the Facility, Open Arms or its representatives shall have the right to inspect the financial and other records in the actual or constructive control of Integra (and to make copies of documents as appropriate and at their expense) related to the Facility, including but not limited to books, records, data files and reports (electronic or otherwise) prepared by Integra or any other person or entity by or on behalf of Integra and maintained by Integra or such other person or entity at or in connection with the Facility with respect to in the performance of its services hereunder and the condition of the Facility.

11. **Books and Records.** All books, records, data files and reports prepared by Integra for or in connection with the management of the Facility and maintained by Integra at the Facility or at any location other than the Facility shall be available for inspection and copying by Open Arms or its representatives or the Landlord at their own expense and during normal business hours with prior written notice to Integra. It is agreed and understood that computer software and the users manuals for such software developed or acquired by Integra or used by Integra employees in connection with the management of the Facility shall not be considered "books, records, data files and reports" as those terms are used in this Section 11, provided that printouts of data generated by use of such software shall be considered such "books, records, data files and reports". Furthermore, it is agreed by the parties hereto that any computer software and the user manuals for such software developed by Open Arms employees shall remain the property of Open Arms.

12. **Cooperation at Termination.** Upon the expiration or earlier termination of term of Integra's management of the Facility hereunder, each of the parties hereto shall cooperate fully with the other in effecting an orderly transition to avoid any interruption in the rendering of the above-described services and, in that connection, Integra shall promptly surrender to Open Arms all keys, contracts, books, records, data files and reports (as such terms are defined in Section 11 hereof) maintained by Integra in connection with the management of the Facility. Furthermore, the parties hereby agree that any information received by a party or its attorneys, accountants or agents about the other party in the performance of such party's obligations hereunder, which concerns the financial or other affairs of such party, will be treated in full confidence and will not be revealed to any other persons, firms or organization.

13. **Covenant Not to Employ Personnel.** The parties acknowledge that Integra, in the performance of its obligations hereunder, utilizes certain of its employees. Open Arms recognizes that Integra has incurred and will incur considerable time and expense in developing Integra employees. For this reason, Open Arms covenants with Integra that Open Arms shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an Integra employee or encourage any successor to Integra's duties hereunder to solicit the employment of any such person who is at that time an Integra employee for services to be rendered at or in connection with the Facility or at any other facility offering services to

persons with developmental disabilities owned or operated by Open Arms unless this covenant has been waived in writing by Integra. It is understood and agreed, however, that this covenant shall not apply to persons who were employees of Open Arms as of September 30, 2014 and were subsequently employed by Integra.

Recognizing that Integra would not have an adequate remedy at law in the event of any breach of this covenant, Open Arms agrees that the covenants set forth herein may be enforced by Integra by an appropriate restraining order or other injunctive relief.

Furthermore, Integra recognizes that Open Arms has incurred and will incur considerable time and expense in developing Open Arms employees. For this reason, Integra covenants with Open Arms that Integra shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an employee of Open Arms, except with the prior written consent of Open Arms, not to be unreasonably withheld. In furtherance of the foregoing, it is anticipated that employees working in certain positions within Open Arms may from time-to-time have limited opportunities for advancement within Open Arms, and as such employees reach the limits of advancement opportunities at Open Arms, it may be reasonable for Integra to request the consent of Open Arms for the employment by Integra by such an individual who is advancing in his/her career path and has reached the limits of advancement within Open Arms.

Recognizing that Open Arms would not have an adequate remedy at law in the event of any breach of this covenant, Integra agrees that the covenant set forth herein may be enforced by Open Arms by an appropriate restraining order or other injunctive relief.

14. **Indemnification.** Any Defaulting Party shall release and indemnify and hold the Non-Defaulting Party and the Non-Defaulting Party's shareholders, directors, officers and employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from an Event of Default by the Defaulting Party and Integra shall release and indemnify and hold Open Arms and its shareholders, directors, officers, employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from actions taken by Integra outside the scope of the authority specifically granted to Integra herein. Furthermore, Open Arms shall indemnify Integra with regard to any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) with regard to any action, suit or proceeding brought by a person or entity that managed the Facility prior to the date hereof; provided, however, that such indemnification by Open Arms shall extend only to such amounts as may be reimbursable costs under the TennCare/Medicaid system.

15. **Litigation or Proceedings on Behalf of Open Arms.** If any claim or cause of action of Open Arms arises during the term of this Agreement, or if any third party claim, action, or other legal or administrative proceeding arising from or related to the management of the Facility is filed against Open Arms, upon receiving notice of any such claim, cause of action or proceeding, the party receiving such notice shall promptly give notice thereof to the other party, and Integra shall have the option, exercisable in its reasonable discretion, by giving written notice thereof to Open Arms, to institute or defend such claim, action or other legal or

administrative proceeding in Integra's name or Open Arms' name, as their respective interests may appear to be claimed, provided that Integra uses good faith best efforts to proceed in such action in a manner that is in Open Arms' best interests. The reasonable costs and expenses of prosecuting and defending any such claim, action, or legal or administrative proceeding shall be reimbursed to Integra by Open Arms as Costs of Operation, except as they relate to Events of Default by Integra or the independent acts of Integra taken outside the scope of the performance of its duties hereunder or the negligence, willful misconduct or breach by Integra of its obligations hereunder, which costs and expenses shall be borne exclusively by Integra notwithstanding any other provision to the contrary herein contained. Open Arms agrees to provide reasonable assistance to Integra in the prosecution and defense of any such action upon request by Integra and upon Integra's agreement to pay all of Open Arms' expenses related thereto, except for expenses for which Open Arms is otherwise obligated hereunder. Open Arms further agrees that Integra shall have the right to recommend legal counsel for Open Arms' approval to represent the interests of Open Arms in any such claim, action or legal or administrative proceeding. Integra shall provide Open Arms with timely and periodic written reports regarding the progress of each such claim, action or proceeding. If Integra decides, in its reasonable discretion, not to institute or defend such claim, action or other legal or administrative proceeding, Integra shall notify Open Arms in writing promptly of its decision, providing Open Arms, sufficient time to take appropriate action, and in such event, Open Arms shall be fully responsible for the prosecution or defense of each such claim, action, and legal and administrative proceeding, including then prospective costs and attorneys' fees, except when the claim, action or proceeding relates to Events of Default by Integra, or the independent acts of Integra taken outside the scope of the performance of its duties hereunder, or the negligence , willful misconduct or breach by Integra of its obligations hereunder, except that Integra agrees to provide reasonable assistance to Open Arms with respect to such matters upon request by Open Arms.

16. <u>Compliance with Public Law 96-499</u>.

(a) Pursuant to regulations promulgated by the Federal Health Care Financing Administration, an agency of the Department of Health and Human Services, implementing Section 952 of the Omnibus Reconciliation Act of 1980 (P.L. 96-499) or any subsequent legislation conditioning reimbursement on the cost of services performed, insofar as this Agreement covers services valued at or costing $10,000 or more over a twelve (12) month period, the parties agree to provide the Secretary of Health and Human Resources, upon written request, or the Comptroller General, or their duly authorized representatives, access to this Agreement and the parties' books, documents and records necessary to verify the nature and extent of the cost of the services provided by the parties. Such access shall be provided until the expiration of four (4) years after the services are furnished under this Agreement.

(b) If Integra carries out any duties of this Agreement through a subcontract with an aggregate value or cost of $10,000 or more over a twelve month period with an Affiliate, Integra shall require in writing that the Affiliate shall make available, upon written request, to the Secretary of Health and Human Resources, or the Comptroller General, or their duly authorized representatives, the said subcontract and the books, documents and records of the Affiliate that are necessary to verify the nature and extent

of the costs of the services provided under the said subcontract. The subcontract shall require that such access shall be provided until the expiration of four (4) years after the services are furnished under the contract.

17. **Amendment or Termination as a Result of Governmental Regulation.** The parties acknowledge and agree that this Agreement is intended to comply with all state and federal laws and regulations regarding Medicare and Medicaid fraud and abuse, Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Open Arms shall have the right to terminate or amend this Agreement, if on the advice of its counsel it determines, in its reasonable judgment, that the terms of this Agreement more likely than not would be interpreted to violate any laws or regulations applicable to it, which, if violated, would jeopardize Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Notwithstanding such right to terminate, Open Arms shall first use reasonable efforts to amend this Agreement only to the extent necessary to conform the potentially violative terms to the applicable law or regulation, and will only terminate this Agreement pursuant to this Section if it determines, in its reasonable judgment, that an amendment cannot be obtained or will not result in compliance.

18. **Parties Bound.** The provisions of this Agreement shall be binding upon the parties hereto and their respective successors and assigns. Except as specifically provided herein, neither party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other party. No assignment of rights or delegation of duties shall relieve either party, as the case may be, of its obligations hereunder. Notwithstanding the foregoing, however, in respect to transfers after an event of default under the Lease, any person claiming through the deed of trust trustee or a transferee under a deed in lieu of foreclosure (the foregoing collectively referred to as the "Transferee"), the Transferee shall, at its option and without further action by Open Arms, succeed to Open Arms' rights hereunder, with or without the assumption of the obligations of Open Arms hereunder, which assumption shall be at the sole discretion of such Transferee, but in no event shall any of the foregoing be deemed a release of any of the obligations of Open Arms hereunder.

19. **Severability.** In the event any provision hereof shall be modified or held ineffective by any court in any respect, such adjudication shall not invalidate or render ineffective the balance of the provisions of this Agreement.

20. **Entire Agreement; Modification; Waiver.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and completely supersedes any prior oral or written agreements between the parties. Any other agreements with respect to the subject matter hereof between the parties, whether written or oral, are merged herein. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed, or will constitute a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

21. **Notices.** All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been given (i) on the date of delivery by courier or personally, (ii) three (3) business days after deposit in the United States mail, postage prepaid by registered or certified mail, return-receipt requested to the appropriate party at the following addresses.(or at such other address as shall hereafter be designated by any party to the other party by notice given in accordance with this Section):

To Open Arms:

Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN 37027

With a copy to:

Thomas V. Chorey, Jr.
Barnes & Thornburg LLP
3475 Piedmont Rd., NE, Suite 1700
Atlanta, GA 30305-3327
Fax: 800-753-5139
Phone: 404-846-1693
Email: tchorey@btlaw.com

To Integra:

Integra Resources, LLC
144 Second Avenue, North, Suite 300
Nashville, TN 37201

With a copy to:

Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
Attention: Michael D. Brent, Esq.
Fax: 615-252-6361
Phone: 615-252-2361
Email: mbrent@babc.com

22. **Execution in Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

23. **Further Assurances.** The parties each hereby agree to execute and deliver all of the agreements, documents, and instruments required to be executed and delivered by them in

this Agreement and to execute and deliver such additional instruments and documents and to take such additional actions as may reasonably be required from time-to-time in order to effectuate the transaction contemplated by this Agreement.

24. **Exhibits.** Any Exhibits attached hereto constitute a part of this Agreement and are incorporated herein by reference in their entirety as if fully set forth in this Agreement at the point where mentioned herein.

25. **Tense, Captions.** In construing this Agreement, whenever appropriate, the singular tense shall also be deemed .to mean the plural, and vice-versa, and the captions contained in this Agreement shall be ignored.

26. **Party Rights No Third.** Except as otherwise expressly provided herein or in the Lease, the provisions of this Agreement shall not entitle any person not a signatory hereto to any rights or reliance hereunder or in respect hereof, as a third party beneficiary or otherwise, it being the specific intention of the parties herein to preclude any and all such persons non-signatory hereto from such rights.

27. **Survival.** Any rights or obligations accrued under this Agreement at the expiration or termination of this Agreement shall survive such termination.

28. **Replacement Facility.** In the event a new replacement facility should be substituted for the Facility, whether on the same site or at a different location within the market area, all rights or obligations of the parties, including the remaining term, pursuant to this Agreement shall apply with respect to the new replacement Facility.

29. **Public Statements.** Unless otherwise required by law or court order, prior to the Commencement Date, neither Open Arms or Integra shall, without the prior written consent of the other party hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement. Provided, however, that Integra and Open Arms may announce the execution of this Agreement to their respective employees.

30. **Arbitration**. The parties hereto agree and stipulate that all claims, disputes and other matters in question or at issue between them arising out of or relating to this Agreement or the breach thereof, including, without limitation, any dispute or question concerning the scope of this arbitration clause, will be decided by arbitration in Nashville, Tennessee, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this Section 30. This covenant to arbitrate will be specifically enforceable under the prevailing law of any court having jurisdiction. The parties hereto agree that one arbitrator shall arbitrate all disputes. Notice of a demand for arbitration shall be filed in writing by either party hereto with the other party hereto and with the American Arbitration Association. The demand for arbitration shall be made no later than the date when institution of legal or equitable proceedings based on the claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrator will be final, judgment may be entered upon it in any court having jurisdiction thereof, and the award will not be subject to vacation, modification or appeal, except to the extent permitted by Sections 10 and 11 of the Federal Arbitration Act, the terms of which Sections the parties hereto agree shall apply. Each of

the parties hereto submits to the jurisdiction of the state courts of Davidson County, Tennessee for purposes of the entry of any judgment arising out of the award of the arbitrator. All costs and expenses of each of the parties hereto with respect to the arbitration (including reasonable attorneys' fees) and the expenses of the arbitrators shall be paid by the party hereto against whom a determination by the arbitrator is made or, in the absence of a determination against one party hereto, as such arbitrator directs.

31. Overriding Provisions.

(a) Notwithstanding the execution date hereof, it is agreed and understood by the parties hereto that this Agreement shall be considered the agreement pursuant to which the "Manager," as such term is defined under the Lease, manages the Facility.

(b) Notwithstanding anything to the contrary contained herein, it is the intent of the parties hereto that this Agreement in all respects shall conform to the terms and conditions of the Lease. Accordingly, to the extent that any term or condition contained herein or hereunder shall conflict with any such terms or conditions contained in the Lease, then the provisions of the Lease shall control in all respects, and the terms of this Agreement shall be automatically deemed amended in an agreeable manner in order to bring this Agreement into compliance with the Lease.

(c) Notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of the default by either party hereto pursuant to the terms of any other ICF/IID Facilities Management Agreement, or the terms of the Global Management Agreement of even date herewith, the result of which default entitles the non-defaulting party thereunder to terminate such agreement, by giving notice thereof to the defaulting party, said non-defaulting party shall have an identical right to terminate this Agreement, just as if there had been an Event of Default hereunder by said defaulting party for which there was no cure within any applicable cure period.

(d) Further notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of a conflict between the provisions of this Agreement and the provisions of that certain Global Agreement to Provide Management Services, as amended, between the parties hereto executed simultaneously with the execution hereof (the "Global Agreement," by reference made an integral part hereof), the provisions of this Agreement shall govern and control over the provisions of the Global Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year set forth below, effective as of the Commencement Date first above written.

OPEN ARMS CARE CORPORATION

By:_____
Name:
Title:

INTEGRA RESOURCES, LLC

By:_____
Name:
Title:

EXHIBIT A

FACILITY ANNUAL BUDGET

[to be attached after finalization and approval in writing by each party hereto]

Attachment A - 6A

Deed/Lease/Option to Purchase

Tom Leatherwood

Shelby County Register / Archives

As evidenced by the instrument number shown below, this document has been recorded as a permanent record in the archives of the Office of the Shelby County Register.

15114331

11/12/2015 - 01:35 PM

4 PGS	
LACI 1394948-15114331	
VALUE	10.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00
WALK THRU FEE	0.00
TOTAL AMOUNT	22.00

TOM LEATHERWOOD

REGISTER OF DEEDS SHELBY COUNTY TENNESSEE

1075 Mullins Station, Suite W165 ~ Memphis, Tennessee 38134 (901) 222-8100
Website: http://register.shelby.tn.us Email: Tom.Leatherwood@shelbycountytn.gov
Join us on Facebook

This Instrument Prepared By and Return To:
HAGLER BRUCE & TURNER, PLLC
2650 Thousand Oaks Blvd. Ste. 2140
Memphis, TN 38118
901-290-6610
File Number: Harris to McClarin

QUIT CLAIM DEED

KNOW ALL MEN BY THESE PRESENTS, that **Ruby Harris** (herein the "Grantor(s)," whether one or more), for and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, release, remise, quit claim and convey unto, **Shelia McClarin** (herein the "Grantees," whether one or more) 100 % of her title interest in and to the following described real estate located in Shelby County, Tennessee:

SEE ATTACHED LEGAL DESCRIPTION – EXHBIT A

Being the same property conveyed to Grantor by Deed at Instrument Number E9-6513 dated July 21, 1969 and filed in the Register's Office of Shelby County, Tennessee and known as 0 Old Brownsville Road, Bartlett, Tennessee.

WITNESS the execution of this Quit Claim Deed by Grantor, this 28, October, 2015.

THIS DEED PREPARED WITHOUT THE BENEFIT OF A TITLE SEARCH

GRANTOR:

Ruby Harris

Ruby Harris

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

M. SEUTIN
Commission # 2022613
Notary Public - California
Solano County
My Comm. Expires Apr 29, 2017

State of California
County of Solano)

On 10/28/2015 before me, M. Seutin, Notary Public
(insert name and title of the officer)

personally appeared Ruby Harris,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

M. SEUTIN
Commission # 2022613
Notary Public - California
Solano County
My Comm. Expires Apr 29, 2017

Signature M Seutin (Seal)

STATE OF CALIFORNIA
COUNTY OF Solano

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared Ruby Harris, with whom I am personally acquainted (or proved on the basis of satisfactory evidence to be the persons) and who, upon oath, acknowledged herself to be the within named bargainor and that she executed the foregoing instrument for the purposes therein contained by subscribing her name herself.

WITNESS my hand and Notarial Seal at office this 28 day of October, 2015.

M. SEUTIN
Commission # 2022613
Notary Public - California
Solano County
My Comm. Expires Apr 29, 2017

Notary Public

My commission expires:
Apr 29, 2017

M. SEUTIN
Commission # 2022613
Notary Public - California
Solano County
My Comm Expires Apr 29

I, or we, hereby swear or affirm that, to the best of affiant's knowledge, information and belief, the actual consideration for this transfer is Ten and No/100 Dollars ($10.00).

Affiant

Subscribed and sworn to before me this the 30th day of October, 2015.

PAMELA GRAY ADDISON
STATE OF TENNESSEE NOTARY PUBLIC
SHELBY COUNTY
My COMMISSION Expires September 1, 2017

Notary Public

My Commission Expires:

Property Owner and
Mail Tax Bills To: Shelia McClarin
21 Canterbury Circle
Vallejo, CA 94591

Property Addresses: 0 Old Brownsville Road
Bartlett, Tennessee 38134

Parcel No.: B0148 00061

EXHIBIT A

LEGAL DESCIPTION

A part of the property conveyed to Charles W Guy by Mary Guy Williams on the 10th day of April, 1953 by instrument of record in Book 3095, Page 500 of the Register's Office of Shelby County, Tennessee, particularly described as follows: Being part of Parcel No. 2 of the Mary Guy Williams 30.17 acres of the Guy 37 acres of the Dower in the Division of the S. F. Williford Estate in Shelby County, Tennessee; Beginning at a steel spike in the Old Brownsville Road, said point being in the north line of Parcel 2 of the division of the Mary Guy Williams 30.17 acres, said point also being 208.75' east of the northwest corner of said Parcel 2; thence eastwardly along the north line of said Parcel 2 and along Old Brownsville Road 365.65 feet to an iron pin, the intersection of the west line of Oak Road with the north line of said Parcel 2, said point being 30 feet west of the northeast corner of said Parcel 2; thence southwardly along the west line of Oak Road making an interior angle of 89 degrees 06 minutes and parallel to east line of Parcel 2 a distance of 721 feet to an iron pin in the south line of said Parcel 2; said point being 30 feet west of the southeast corner of Parcel 2; thence westwardly along said south line making an interior angle of 90 degrees 54 minutes a distance of 574.4 feet to an iron pin, the southwest corner of Parcel 2; thence northwardly along the west line of said Parcel making an interior angle of 89 degrees 06 minutes a distance of 487.25 feet to an iron pin; thence eastwardly making an interior angle of 90 degrees 54 minutes and parallel to the north line of Parcel 2 a distance of 208.75 feet to an iron pin; thence northwardly making an exterior angle of 90 degrees 54 minutes and parallel to the west line of Parcel 2 a distance of 233.75 feet to the beginning, containing 8.386 acres of land.

SHELBY #2

LEASE AGREEMENT

DATED AS OF _____, 2018

BY AND BETWEEN

FACILITIES DEVELOPMENT GROUP, LLC

AS LANDLORD,

AND

OPEN ARMS CARE CORPORATION,

AS TENANT

LEASED PROPERTY ADDRESS: ____Old Brownsville Road
Bartlett, Tennessee*

*This site does not currently have a separate street address, but is a lot of approximately 4.25 acres, such lot being the east half of the approximately 8.5 acres located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, and also described as Parcel B0148 00061 in the records of the Shelby County Tax Assessor

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LEASE AGREEMENT

This **LEASE AGREEMENT** (this "**Lease**") is one of multiple lease agreements entered into as of _____, 2018 (the "**Effective Date**") by and between FACILITIES DEVELOPMENT GROUP, LLC, a Tennessee limited liability company, as landlord ("**Landlord**"), and OPEN ARMS CARE CORPORATION, a Georgia nonprofit corporation, as tenant ("**Tenant**").

W I T N E S S E T H :

WHEREAS, Landlord owns the real property described on **Exhibit A** attached hereto, and is developing one (1) of the eight (8) eight-person replacement ICF/IID facilities on such real property, with all of such eight (8) facilities to be leased from Landlord to Tenant pursuant to this Lease and similar other leases (collectively the "**2018 Leases**")); and

WHEREAS, pursuant to this Lease Landlord desires to lease to Tenant all of Landlord's interests in the real property described on Exhibit A, including the improvements to be constructed thereon by Landlord (as such improvements are generally described on Exhibit A and further described below (the "**Leased Property**"), and Tenant desires to lease from Landlord all of Landlord's interests in the Leased Property, all of which are subject to and conditioned upon the terms and conditions set forth herein and in a separate Omnibus Agreement with repsect to all the 2018 Leases (the "Omnibus Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

ARTICLE 1

DEFINITIONS

For all purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) all capitalized terms herein shall have the meanings assigned to them in the Omnibus Agreement, and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein or therein shall have the meanings assigned to them in accordance with GAAP, (iii) all references in this Lease to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Lease, and (iv) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision.

ARTICLE 2

LEASED PROPERTY AND TERM, RIGHT OF FIRST OFFER AND OPTION TO PURCHASE

2.1 Leased Property. Upon and subject to the terms and conditions hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord all of

Landlord's right, title and interest in and to all of the following (collectively, the "**Leased Property**"), and grants to Tenant the right to use and occupy the Leased Property for the purposes, and subject to the limitations, set forth in this Lease:

(a) the parcel of real property more particularly described in **Exhibit B** attached hereto and made a part hereof (collectively the "**Land**");

(b) all buildings, structures, fixtures and other improvements of every kind, including, without limitation, all roofs, plumbing systems, electric systems and HVAC systems, roadways, pavilions, alleyways, parking areas and facilities, landscaping, sidewalks, curbs, connecting tunnels, utility pipes, irrigation systems, conduits and lines (on site and off site), appurtenant to or presently situated upon the Land (collectively, the "**Leased Improvements**");

(c) all easements, hereditaments, appurtenances and all other rights, privileges and entitlements, if any, relating to the Land and the Leased Improvements;

(d) all Initial Landlord P&E and all P&E Replacements;

(e) all moveable machinery, equipment, furniture, furnishings, computers or trade fixtures (including all vehicles, together with all supplies related thereto), owned by Landlord and located on or in the Leased Improvements, and all modifications, replacements, alterations and additions to such property, including without limitation, to the extent assignable by Landlord, any operating leases of any such Initial Landlord P&E, P&E Replacements or other machinery, equipment, furniture, furnishings, computers or trade fixtures, but specifically excluding all items included within the category of Tenant's Personal Property;

(f) all of the Leased Intangible Property;

(g) all maintenance, service and supply contracts, equipment leases, space leases (including without limitation, leases of storage spaces by any non-commercial tenant) and all other similar agreements affecting any of the Leased Property and/or the operation of the Business to the extent that such contracts are transferable, including, without limitation, the Permits and Operating Contracts, together with all prepayments and deposits held thereunder except to the extent to which such prepayments and/or deposits have been paid by Tenant from and after the Effective Date (it being agreed that Landlord shall, as of the Effective Date, make such prepayments and deposits which were paid by Landlord or its successors-in-interest actually available to Tenant for use in the operation of the Business); and

(h) all plans and specifications, blue prints, architectural plans, engineering diagrams and similar items specifically related to any of the Land or the Leased Improvements.

2.2 Intentionally Omitted.

2.3 Assignment of Permits. Landlord and Tenant shall cooperate and take commercially reasonable efforts to cause all Permits related to the operation (but not ownership)

of the Leased Property to be obtained in the name of Tenant. Landlord shall, at no additional cost to Landlord (other than *de minimis* costs), cooperate in a commercially reasonable manner with Tenant in connection with Tenant maintaining all Permits. Tenant shall be responsible for the processing of all requests and/or applications for such Permits. Notwithstanding any other provision in this Lease to the contrary, in no event shall any Permit be assigned, transferred, or otherwise conveyed by Tenant to any Person (other than collateral assignments to Landlord), or utilized by Tenant in any location other than the current location of any specific Facility, without Landlord's prior written consent, which consent may be granted or withheld in Landlord's sole and absolute discretion.

2.4 Condition of Leased Property. TENANT ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY MADE BY LANDLORD IN THIS LEASE, LANDLORD IS NOT MAKING AND SPECIFICALLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE LEASED PROPERTY, THE BUSINESS OR ANY OF THE OTHER ITEMS INCLUDING, BUT NOT LIMITED TO, WARRANTIES OR REPRESENTATIONS AS TO MATTERS OF TITLE, ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITIONS INCLUDING WEATHER-RELATED CONDITIONS, AVAILABILITY OF ACCESS, INGRESS OR EGRESS, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS, THE VALUE, CONDITION, MERCHANTABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE. TENANT AGREES THAT TENANT HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF LANDLORD OR ANY AGENT OF LANDLORD OR OTHER THIRD PARTY, INCLUDING ANY REAL ESTATE BROKER OR AGENT, EXCEPT AS EXPRESSLY MADE BY LANDLORD IN THIS LEASE. EXCEPT AS OTHERWISE PROVIDED IN THIS LEASE, TENANT HAS CONDUCTED, OR HAS HAD THE OPPORTUNITY TO CONDUCT, ITS OWN INSPECTIONS AND INVESTIGATIONS OF THE LEASED PROPERTY AND THE BUSINESS AND ASSUMES ALL RISK IN CONNECTION THEREWITH, AND TENANT HEREBY ACKNOWLEDGES AND AGREES THAT LANDLORD IS LEASING TO TENANT AND TENANT HEREBY ACCEPTS ALL OF THE LEASED PROPERTY, THE BUSINESS AND ANY OTHER ITEMS LEASED HEREBY "AS IS WHERE IS," WITH ALL FAULTS, AND THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS COLLATERAL TO OR AFFECTING THE LEASED PROPERTY BY LANDLORD, ANY AGENT OF LANDLORD OR ANY THIRD PARTY. THE TERMS AND CONDITIONS OF THIS SECTION SHALL EXPRESSLY SURVIVE THE TERMINATION OF THIS LEASE.

2.5 Term. The term of this Lease (the "**Term**") shall commence on the Effective Date and shall terminate and expire at 11:59 p.m. on the date which is thirty (30) years after the Certification Date.

2.6 INTENTIONALLY OMITTED.

2.7 Yield Up. Tenant shall, on or before the last day of the Term or upon the sooner termination thereof, peaceably and quietly surrender and deliver to Landlord all of the Facility Intellectual Property (pursuant to a form of assignment reasonably required by Landlord), all

Permits, and the Leased Property, including, without limitation, all Leased Improvements and P&E and all additions thereto and replacements thereof made from time to time during the Term, together with and including, without limitation, the P&E Replacements, in good order, condition and repair, reasonable wear and tear excepted, and free and clear of all Liens and encumbrances (other than Permitted Encumbrances, Liens or encumbrances in favor of or granted by Landlord, and any other encumbrances expressly permitted under the terms of this Lease), and Tenant shall fully cooperate with Landlord and use commercially reasonable efforts in transferring, to the extent transferable under Applicable Laws and without consideration or fee, any of the Permits, which Landlord determines, in its sole and absolute discretion, would be necessary or appropriate to continue to operate the Leased Property for its Permitted Use. Tenant acknowledges that the Initial Landlord P&E described on **Exhibit E** attached hereto and located at the Leased Property as of the Certification Date may be completely consumed and/or otherwise disposed of in the course of operation of the Leased Property during the Term. Tenant agrees that, at the expiration or earlier termination of this Lease (the "**Termination Date**"), Tenant shall fully restore the Initial Landlord P&E, inclusive with and after consideration of all P&E Replacements reasonably required to maintain and operate the Facility in the same conditions as exist on the Effective Date, reasonable wear and tear excepted, which will become the property of Landlord, to at least the approximate types and amounts (with reasonably equivalent value) as shown on **Exhibit E**), as otherwise required to be maintained by Tenant pursuant to this Lease. In the event of early termination of this Lease by Tenant, other than due to a default by Landlord which is not timely cured, all unpaid scheduled rent for the remainder of the Term, plus a prepayment premium, shall be due from Tenant to Landlord. At the expiration or earlier termination of this Lease, Tenant shall (i) retain all accounts receivable from its operation of the Property and Business subject to and net of the amount of such receivables due to Landlord or to the Reserve pursuant to the terms hereof, and (ii) remain liable for the payment of accounts payable which have accrued as of the date of termination or expiration of the Lease.

2.7.1 Limited Power of Attorney. By executing this Lease, Tenant hereby grants to Landlord its limited power of attorney to act as Tenant's duly authorized attorney-in-fact for the purpose of executing on behalf of Tenant any and all documents and applications necessary to permit the Landlord, or its assign, to make the requisite change of ownership license and certificate of need filings to ensure, at the termination or earlier expiration of this Lease, for any reason, that there be an orderly transfer of the Permits and any rights associated or related therewith in due course to enable the continued operation, without interruption, of the Leased Property for the same purposes as currently exist. This limited power of attorney shall be effective only if after Landlord's (or Landlord's assign's) giving due Notice to the Tenant upon the impending termination or expiration of this Lease requesting Tenant to fulfill its obligations to cooperate with Landlord or its assign by executing the prescribed State of Tennessee change of ownership and license applications necessary to vest the required licenses to operate the Leased Property, for the same purposes as currently exist, in the Landlord or its assign, and the Tenant has not performed such obligations within fifteen (15) days of Landlord's giving such Notice.

2.8 Grant of Easements, Etc. by Landlord. Landlord from time to time (i) may, at the reasonable request of any third party, or (ii) shall, at the reasonable request of Tenant or as required by any Government Agencies, at Landlord's cost and expense: (i) grant easements and other rights in the nature of easements; (ii) release existing easements or other rights in the nature of easements which are for the benefit of the Leased Property; (iii) dedicate or transfer unimproved portions of the Leased Property for road, highway or other public purposes; (iv)

execute petitions to have the Leased Property annexed to any municipal corporation or utility district; (v) execute amendments to any covenants and restrictions affecting the Leased Property; and (vi) execute and deliver to any person any instrument appropriate to confirm or effect such grants, releases, dedications and transfers (to the extent of its interest in the Leased Property), provided that any instrument requested may not materially impair or diminish Tenant's use of the Leased Property or adversely affect in any material respect the operation, value or financial viability of the Business, or otherwise materially increase Tenant's obligations or decrease its rights under this Lease. Landlord shall promptly provide Tenant with notice of any such request or requirement from a third party or Governmental Agency. In the event Landlord fails to timely provide any of the items described above, including the granting of any easement or similar item which has been requested by Tenant, Tenant may take such actions as may be deemed reasonably necessary to cause the granting of any easement or similar item as required by this Section 2.8.

2.9 Right of First Offer. Provided no Event of Default shall be continuing, prior to Landlord agreeing during the Term to sell or otherwise voluntarily transfer its fee simple interest in the Leased Property or prior to the direct or indirect sale or other voluntary transfer of any equity or membership interest in Landlord or its successors or assigns to any person or entity that is not an Affiliate of Landlord or Tenant (a "**Third Party**") (other than a collateral assignment by Landlord's parent entity to the Mortgagee holding the Facility Mortgage of its equity or membership interest in Landlord or such Mortgagee's further collateral assignment thereof), Tenant shall have an ongoing right of first offer to purchase Landlord's fee simple title to the Leased Property (the "**ROFO Property**"), on the terms and conditions as set forth in this Section 2.9 (the "**Right of First Offer and Option**") at "**Fair Market Value**" as determined pursuant to **Exhibit G** attached hereto (as applicable, the "**ROFO Purchase Price**"). Notwithstanding the foregoing, this Right of First Offer and Option is expressly subject to all right of the Mortgagee holding the Facility Mortgage, and any collateral assignee thereof, including the rights to receive payment satisfaction of the Facility Mortgage upon any transfer of the ROFO Property pursuant to this Section 2.9. However, if a Facility Mortgage on the Leased Property is outstanding, in no event shall the ROFO Purchase Price be less than the amount necessary to satisfy all amounts due and owing from Landlord to the Facility Mortgagee on the Leased Property at the time of closing.

Any Mortgagee or collateral assignee's agreement to consent to any such transfer and to release the lien of any applicable Facility Mortgage shall be subject to satisfaction of all other conditions to release set forth in any financing documents between the Landlord and its Facility Mortgagee, as collaterally assigned, a copy of which provisions have previously been delivered to the Tenant, and any modification of such release conditions shall not be made without the consent of the Tenant, which consent shall not be unreasonably withheld or delayed).

2.9.1 Notices. Landlord shall promptly deliver to Tenant a notice of such election to sell, together with a statement of the ROFO Purchase Price and closing date, which shall be incorporated into an agreement for the purchase and sale of the ROFO Property in the same form as attached hereto as **Exhibit H** (as may be supplemented and amended but only as agreed upon by Tenant and Landlord, the "**Purchase Contract**") (hereinafter defined as the "**ROFO Notice**"). Tenant may, within ten (10) Business Days after Landlord's delivery to Tenant of a ROFO Notice, may agree to purchase Landlord's fee simple interest in the portion of the Leased Property described in the Purchase Contract (the "**ROFO Acceptance Notice**").

2.9.2 Conditions of Sale. If, for any reason, (i) within said ten (10) Business Day Period, either Tenant does not reply to Landlord's ROFO Notice with a ROFO Acceptance Notice; or (ii) if Tenant submits a ROFO Acceptance Notice within said ten (10) Business Day Period, Tenant and Landlord shall not have entered into the Purchase Contract (as defined below) within twenty (20) Business Days after Landlord's delivery to Tenant of the Purchase Contract, then Landlord shall have the unrestricted right (without any obligation to do so) to sell the ROFO Property to any person or entity on such terms and conditions as shall be acceptable to Landlord in its sole but reasonable discretion. In the event Landlord does not sell the Leased Property to a Third Party within two hundred seventy (270) days after the expiration of such ten (10) Business Day Period or such twenty (20) Business Day period, as the case may be, and later opts to offer the Leased Property or an interest in Landlord again for sale, then Tenant's rights under this Section 2.9 shall be ongoing and effective. If the Right of First Offer and Option is waived and the purchase and sale of the ROFO Property is consummated with a Third Party, the purchaser of the ROFO Property shall assume this Lease and agree to perform each and every covenant of Landlord contained in this Lease (it being understood and agreed, however, that the provisions of this Section 2.9.2 shall no longer be applicable and Tenant shall attorn to such purchaser as Landlord hereunder, so long as such Third Party agrees to not disturb any of Tenant's rights and benefits under this Lease.

2.9.3 Right of First Offer Delivery. If Tenant timely and properly delivers to Landlord a ROFO Acceptance Notice as described in Section 2.9.1 above, then on or before the twentieth (20) Business Day after Landlord's delivery to Tenant of the Purchase Contract, Tenant and Landlord shall execute and deliver the Purchase Contract. Tenant shall continue to pay all Minimum Rent, Additional Rent and other rent and charges due and owing under this Lease through the date of the consummation of any such sale to Tenant.

2.9.4 Right of First Offer and Option Not Applicable to Certain Transfers. Without in any way (by implication or otherwise) expanding the scope of the Right of First Offer and Option, Tenant acknowledges and agrees that this Section 2.9.4 and the Right of First Offer and Option shall not be applicable to any sale of the Leased Property described below:

(a) Any transfer to any Affiliate of Landlord or Tenant, or to the Mortgagee holding the Facility Mortgage (or any designee or collateral assignee of such Mortgagee), including a transfer pursuant to any a collateral assignment by Landlord's parent entity to such Mortgagee (or any designee or collateral assignee of such Mortgagee) of the equity or membership interest in Landlord owned by Landlord's parent entity;

(b) Any mortgage or deed of trust made by Landlord, or any transfer made in connection with the foreclosure or other realization upon any such mortgage or deed of trust, or any transfer made in lieu of foreclosure; or

(c) Any transfer by condemnation, eminent domain or similar taking of the Leased Property, or any transfer made in lieu thereof.

Moreover, Landlord shall not be deemed to have breached the provisions of this Section if it shall have made or accepted any offer to sell Landlord's fee simple interest in the ROFO Property to a Third Party after the written waiver by Tenant of Tenant's rights under this Section 2.9.

2.9.5 Assignment of Right of First Offer and Option. Tenant shall not have the right to assign or transfer in any way any of Tenant's rights under this Section 2.9, including, without limitation, any rights of Tenant under any Purchase Contract entered into pursuant hereto.

2.9.6 Rights Personal to Original Tenant. Tenant's rights under this Section 2.9 are personal to Open Arms Care Corporation, the original Tenant under this Lease, and shall automatically terminate upon any assignment of this Lease by Tenant (whether by operation of law or otherwise). Before concluding any transfer pursuant to this Section 2.9, Tenant shall obtain an opinion from a certified public accountant with expertise regarding the reimbursement regulations for capital costs and depreciation for ICF-IID facilities located in Tennessee, acceptable to both Landlord and Tenant, that the transfer which is the subject of this Section 2.9 will not result in a recapture event or otherwise have a material adverse impact upon Landlord or Tenant with respect to any Minimum Rent, whether already paid or still due and payable.

2.10 Option to Purchase. Provided no Event of Default has occurred and is continuing under this Lease as of Tenant's exercise of any of its options to purchase the Leased Property pursuant to this Section 2.10, on the Option Closing Date established below to consummate the purchase of the Leased Property pursuant to Tenant's exercise of the applicable option, Tenant shall have the option to purchase all, but not less than all, of the Leased Property (the "**Purchase Option**") upon the following terms and conditions, provided Tenant is simultaneously exercising its Purchase Option in all of the 2018 Leases:

2.10.1 Option Closing Date. On the Business Day immediately preceding the Termination Date, other than due to a termination resulting from an Event of Default by Tenant (the "**Option Closing Date**"), Tenant may exercise its Purchase Option to purchase all, but not less than all, of the Leased Property by giving Landlord written notice thereof, along with simultaneous notices exercising its Purchase Option in all of the 2018 Leases, not less than three (3) months nor more than twelve (12) months before the Option Closing Date. Notwithstanding anything herein to the contrary, in the event of an Event of Default by Landlord in accordance with Section 12.3 herein, Tenant may exercise its Purchase Option, along with exercising its Purchase Option in all of the 2018 Leases within sixty (60) days after the date of such Event of Default by Landlord, and the Option Closing Date shall be deemed to be the date that Tenant actually consummates the purchase of all of the Leased Property specified in the 2018 Leases.

2.10.2 Option Purchase Price. The purchase price for the Leased Property (the "**Purchase Price**") shall be payable in cash by Tenant and shall be equal to the sum of (i) all accrued but unpaid Rent, plus (ii) the Fair Market Value of the Leased Property on the date of Tenant's notice of exercise of its option pursuant to this Section 2.10. If within ten (10) business days of the date of Tenant's notice of exercise of its Purchase Option under this Section 2.10 Landlord and Tenant are unable to agree on the Fair Market Value of the Leased Property, such Fair Market Value shall be established by the appraisal process described on **Exhibit J** attached hereto. However, if a Facility Mortgage is outstanding, in no event shall the Option Purchase Price be less than the amount necessary to satisfy all amounts due and owing from Landlord to the Facility Mortgagee at the time of closing).

2.10.3 Escrow of Option Closing. Landlord, as seller, and Tenant, as buyer, shall immediately open an escrow to consummate such purchase, along with the simultaneous

purchases pursuant to the Purchase Options in all of the 2018 Leases at a national title company reasonably selected by Landlord on the following terms: (a) the form of such instructions to be then signed by Landlord and Tenant shall be such title company's standard sale escrow instructions without any representations or warranties and without due diligence or other contingencies in favor of the buyer, (b) the Purchase Price shall be payable in full on the Option Closing Date, and Landlord shall have no obligation to provide financing in connection therewith, (c) Tenant shall pay for all expenses of Closing (as such term is defined in **Exhibit H** attached hereto), including but not limited to the recording costs (including transfer taxes) associated with the warranty deed from Landlord to Tenant (or an affiliate of Tenant) and any costs related to title searches or title insurance premiums. Each party shall bear its own attorney's fees (d) at closing Landlord shall deliver title to the Leased Property via special warranty deed, subject only to those title exceptions shown on **Exhibit I** to this Lease and any encumbrances added subsequent to the Effective Date with the consent of Landlord and Tenant, as well as any encumbrances arising from any action or omission of the Tenant, (e) the escrow shall close on the Option Closing Date, or as close thereto as is reasonable under the circumstances, and (f) the escrow instructions shall otherwise be in form and substance reasonably satisfactory to Landlord and Tenant. If Tenant fails to close the escrow after exercising its option to purchase the Leased Property for any reason other than a breach by Landlord, then Landlord shall have the right to extend the Term for up to one (1) additional year, at 110% of the Minimum Rent paid in the year prior to the Option Closing Date.

2.10.4 Notice of Involuntary Transfer. Upon notice to Landlord of any proposed or threatened foreclosure, tax sale or any other involuntary transfer of its fee simple interest in any portion of the Leased Property or any involuntary transfer of any equity or membership interest in Landlord or its successors or assigns to a Third Party (an "**Involuntary Transfer**"), Landlord shall immediately provide and deliver written notice to Tenant of same. At such time, Tenant shall have an option, which must be exercised and, if exercised, closed, prior to the foreclosure or other involuntary transfer in question, to purchase all of the Leased Property which is associated with the 2018 Leases for a Purchase Price equal to the amount necessary to satisfy all amounts due and owing from Landlord to the Facility Mortgagee at the time of closing (the "Involuntary Transfer Purchase Option"). The foregoing shall not be deemed to allow Tenant any right to delay or otherwise interfere with any Involuntary Transfer, including any interference which could delay any foreclosure, tax sale or any other involuntary transfer which has been commenced in accordance with the terms of the Facility Mortgage or any applicable statutes governing foreclosures and/or tax sales. Notwithstanding the above, if Tenant has exercised its Transfer Purchase Option and is diligently pursuing the closing associated therewith, such actions shall not be deemed a delay or interference as such terms are used in the previous sentence. If Tenant exercises such Involuntary Transfer Purchase Option, the closing thereunder shall proceed according to the terms of Section 2.10.3, but such closing must be consummated prior to the foreclosure or other involuntary transfer in question.

ARTICLE 3

RENT

3.1 Rent. Tenant shall pay, in lawful money of the United States of America which shall be legal tender for the payment of public and private debts, without offset, abatement, demand or deduction (unless otherwise expressly provided in this Lease), Rent, together with all

applicable sales, use, franchise and/or excise tax thereon now or hereafter applied to rental receipts by the State specifically attributable to the Land or Improvements or the Rent thereon, (but expressly excluding all federal income taxes, other taxes on income or net worth, estate, succession, inheritance, value added or transfer taxes of Landlord or similar taxes or charges or substitutes therefor and all taxes paid by Tenant directly to the applicable taxing authority) to Landlord during the Term at the address to which Notices to Landlord are to be given or to such other party or to such other address as Landlord may designate from time to time by written notice to Tenant. All payments to Landlord shall be made by wire transfer of immediately available federal funds or by other means acceptable to Landlord in its sole discretion and all such payments shall, upon receipt by Landlord, be and remain the sole and absolute property of Landlord. If Landlord shall at any time accept any such Rent or other sums after the same shall become due and payable, or any partial payment of Rent, such acceptance shall not excuse a delay upon subsequent occasions, or constitute or be construed as a waiver of any of Landlord's rights hereunder. All Rent payments and other payments from Tenant to Landlord hereunder shall be deposited by Tenant into, and disbursed from, such accounts as are specified in, and subject to the provisions of, a "**Deposit Account Control Agreement**" in substantially the form of that attached hereto as **Exhibit F**. Tenant and Landlord may not make modifications to such Deposit Account Control Agreement, including changing the agent appointed to receive such Rents and other payments, without the prior written consent of Landlord, Tenant, and any Mortgagee.

3.2 Minimum Rent. Tenant shall pay to Landlord annual base minimum rent ("**Minimum Rent**") of One Dollar ($1) per year from the Effective Date until the Certification Date for the Facility, which shall increase, beginning on the Certification Date, to an amount equal to the annual debt service (principal and interest) payable by Landlord with respect to the Facility Mortgage, with the original principal balance of the Facility Mortgage being equal to the documented cost of Landlord for the development of the Facility, including land acquisition, site preparation and improvements, costs of construction (including capitalized construction period interest and expenses), development fees, expenses related to the acquisition and financing, and Initial Landlord P&E, as verified by Tenant, such verification not to be unreasonably withheld or delayed. Such Minimum Rent, together with all applicable taxes thereon now or hereafter applied to rental receipts, if any, (subject to the provisions of Section 3.1 above), shall be paid in equal monthly installments in advance.

3.3 Additional Charges. In addition to the Minimum Rent payable hereunder, Tenant shall pay to the appropriate parties and discharge as and when due and payable hereunder the following (collectively the "**Additional Charges**"):

3.3.1 Taxes and Assessments. Tenant shall pay or cause to be paid all taxes and assessments required to be paid pursuant to Article 8.

3.3.2 Utility Charges. Tenant shall be liable for and shall promptly pay directly to the utility company all deposits, charges and fees (together with any applicable taxes or assessments thereon) when due for water, gas, electricity, air conditioning, heat, septic, sewer, refuse collection, telephone and any other utility charges, impact fees, or similar items in connection with the use or occupancy of the Leased Property. Landlord shall not be responsible or liable in any way whatsoever for the quality, quantity, impairment, interruption, stoppage, or other interference with any utility service, including, without limitation, water, air conditioning,

heat, gas, electric current for light and power, telephone, or any other utility service provided to or serving the Leased Property. No interruption, termination or cessation of utility services shall relieve Tenant of its duties and obligations pursuant to this Lease, including, without limitation, its obligation to pay all Rent as and when the same shall be due hereunder.

3.3.3 Insurance Premiums. Tenant shall pay or cause to be paid all premiums for the insurance coverage required to be maintained by Tenant pursuant to Article 9.

3.3.4 Licenses and Permits. Except as otherwise provided in this Lease, Tenant shall pay or cause to be paid all fees, dues and charges of any kind which are necessary in order to acquire and keep in effect and good standing all Permits required for operation of the Leased Property in accordance with the terms of Article 4. Tenant shall maintain, in Tenant's name (to the extent permitted under Applicable Laws), those Permits related to the operation of the Leased Property. Notwithstanding the foregoing, in the event of the expiration or earlier termination of this Lease, Tenant shall assign, transfer or otherwise convey all Permits maintained in Tenant's name to Landlord or Landlord's designee, to the extent not prohibited by Applicable Laws.

3.3.5 Sales Tax. Each Fiscal Quarter, Tenant shall reimburse Landlord for the amount of any applicable sales, use, excise or similar or other tax paid by Landlord on any Rent and any payments to the Reserve, if any, whether the same be now or hereafter levied, imposed or assessed by the State or any Governmental Agencies, but specifically excluding any federal, state or local income taxes, franchise taxes, taxes on net worth, capital, estate, succession, inheritance, value added or transfer taxes of Landlord or similar tax or charge or substitutes therefor and any other taxes imposed on Landlord's income. Each Fiscal Quarter, Landlord shall provide Tenant with detailed information and accounting regarding the calculation and payment of such tax, and Tenant shall reimburse Landlord for such actual amounts paid by Landlord within five (5) Business Days of Landlord's delivery of such information.

3.3.6 Other Charges. Tenant shall pay or cause to be paid all other amounts, liabilities and obligations arising in connection with the Leased Property, including, without limitation, Operating Expenses and any other costs and expenses specifically identified as "**Additional Charges**" pursuant to this Lease, except those obligations expressly stated not to be an obligation of Tenant pursuant to this Lease.

3.3.7 Penalties and Interest. Tenant shall pay or cause to be paid every fine, penalty, interest and cost, that Tenant is responsible for in accordance with the terms of this Lease, which may be added for non-payment or late payment of the items referenced in this Section 3.3. Tenant shall prepare and file at its expense, to the extent required or permitted by Applicable Laws, all tax returns and other reports in respect of any Additional Charge as may be required by Governmental Agencies. Notwithstanding the foregoing provisions of this Section 3.3, with respect to any Additional Charge accruing prior to the Effective Date and payable on or after the Effective Date for which Landlord has received a credit from the Seller at Closing, Landlord shall either pay such credited amount when due to the applicable parties or deliver such credited amount to Tenant in which event Tenant shall pay such credited amount to the applicable parties when due.

3.3.8 Reserve Payments. Tenant shall pay or cause to be paid all amounts required to be placed into the Reserve pursuant to Section 3.3 of the Omnibus Agreement.

3.3.9 Asset Management Fee. Tenant shall pay or cause to be paid to Landlord, an "**Asset Management Fee**" equal to one-half of one percent (0.5%) of the original principal balance of the Facility Mortgage, per year beginning on the Certification Date. Such fee shall be paid in equal monthly installments in advance.

3.4 Landlord Advances. Except as specifically provided otherwise in this Lease, and subject to Tenant's right to contest taxes affecting the Leased Property pursuant to, and in accordance with, Section 8.2 hereof, if Tenant does not pay or discharge all Additional Charges prior to delinquency, and provide proof of payment if requested by Landlord, Landlord shall have the right but not the obligation to pay such Additional Charges on behalf of Tenant. If Landlord shall make any such expenditure for which Tenant is responsible or liable under this Lease, or if Tenant shall become obligated to Landlord under this Lease for any other sum besides Minimum Rent as hereinabove provided, the amount thereof shall be deemed to constitute an "**Additional Charge**" and shall be due and payable by Tenant to Landlord, together with interest at the Overdue Rate and all applicable sales or other taxes thereon, but only to the extent Tenant did not pay such Additional Charge by the delinquency date, if any, simultaneously with the next succeeding monthly installment of Minimum Rent or at such other time as may be expressly provided in this Lease for the payment of the same.

3.5 Late Payment of Rent. If Tenant fails to make any payment of Rent on or before the seventh (7th) Business Day after the same becomes due, Tenant shall pay to Landlord an administrative late charge of three percent (3%) of the amount of such payment. In addition, such past due payment shall bear interest at the Overdue Rate from the date first due until paid. Such late charge and interest shall constitute an Additional Charge and shall be due and payable with the next installment of Rent due hereunder.

3.6 Net Lease. Landlord and Tenant acknowledge and agree that both parties intend that this Lease shall be and constitute what is generally referred to in the real estate industry as a "triple net" or "absolute net" lease, such that, except as otherwise expressly set forth herein, Tenant shall be obligated hereunder to pay all costs and expenses incurred with respect to, and associated with, the Leased Property and all personal property thereon and therein and the business operated thereon and therein, including, without limitation, all rent and other charges due and payable under any ground lease or sublease encumbering the Land, all taxes and assessments, utility charges, insurance costs, maintenance costs and routine and customary repair, replacement and restoration expenses (all as more particularly herein provided), together with any and all other assessments, charges, costs and expenses of any kind or nature whatsoever related to, or associated with, the Leased Property, the use, occupation or operation thereof, and the Business operated thereon and therein, other than Landlord's financing costs and expenses and related debt service; provided, however, that Landlord shall nonetheless be obligated to pay Landlord's federal, state and local income taxes, other taxes on income or net worth, franchise taxes, margin taxes, capital, estate, succession, inheritance, value added or transfer taxes of Landlord or similar taxes or charges or substitutes therefor with respect to the Rent and other amounts received by Landlord under this Lease. Except as expressly provided in this Lease, Landlord shall bear no cost or expense of any type or nature with respect to, or associated with, the Leased Property, or the use, occupation or operation thereof. Except to the extent otherwise expressly provided in this Lease, it is agreed and intended that Rent payable hereunder by Tenant shall be paid without notice, demand, counterclaim, set off, deduction or defense and without abatement, suspension, deferment, diminution or reduction and that Tenant's obligation to pay

Rent throughout the Term is absolute and unconditional and the respective obligations and liabilities of Tenant and Landlord hereunder shall in no way be released, discharged or otherwise affected for any reason, including without limitation: (a) any defect in the condition, merchantability, design, quality or fitness for use of the Leased Property or any part thereof, or the failure of the Leased Property to comply with Applicable Laws, including any inability to occupy or use the Leased Property by reason of such non-compliance; (b) any damage to, removal, abandonment, salvage, loss, theft, scrapping or destruction of or any requisition of the Leased Property or any part thereof, or any environmental condition on the Leased Property or any property in the vicinity of the Leased Property; (c) any restriction, prevention or curtailment of or interference with any use of the Leased Property or any part thereof, including eviction; (d) any defect in title to or rights to the Leased Property or any Lien on such title or rights to the Leased Property, except for a defect or Lien incurred or attached to the Leased Property in conjunction with any act or omission of Landlord; (e) any change, waiver, extension, indulgence or other action or omission or breach in respect of any obligation or liability of or by any Person; (f) unless otherwise adjudicated by a court of competent jurisdiction, any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to Tenant or any other Person or any action taken with respect to this Lease by any trustee or receiver of Tenant or any other Person or by any court, in any such proceedings; (g) any right or claim that Tenant has or might have against any Person, including, without limitation, Landlord or any vendor, manufacturer or contractor of or for the Leased Property (other than a claim resulting from any willful misconduct or gross negligence of Landlord); (h) subject to Section 12.3 hereof, any failure on the part of Landlord or any other Person to perform or comply with any of the terms of this Lease, or of any other agreement (except as otherwise set forth in this Lease); (i) the impossibility of performance by Tenant or Landlord, or both; (j) any action by any court, administrative agency or other Government Agencies, unless such action voids or otherwise deems this Lease unenforceable in accordance with its terms, in whole or in part; (but if such action voids or otherwise deems this Lease unenforceable in part only, then the foregoing exception shall only apply as it relates to such voided or unenforceable part); (k) any interference, interruption or cessation in the use, possession or quiet enjoyment of the Leased Property or otherwise, unless otherwise set forth in this Lease; or (l) any other occurrence whatsoever whether similar or dissimilar to the foregoing, whether foreseeable or unforeseeable, and whether or not Tenant shall have notice or knowledge of any of the foregoing. Except as specifically set forth in this Lease, this Lease shall be non-cancelable by Tenant for any reason whatsoever and, except as expressly provided in this Lease Tenant, to the extent now or hereafter permitted by Applicable Laws, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or to any diminution, abatement or reduction of Rent payable hereunder. Except as specifically set forth in this Lease, under no circumstances or conditions shall Landlord be expected or required to make any payment of any kind hereunder or have any obligations with respect to the use, possession, control, maintenance, alteration, rebuilding, replacing, repair, restoration or operation of all or any part of the Leased Property, so long as the Leased Property or any part thereof is subject to this Lease, and Tenant expressly waives the right to perform any such action at the expense of Landlord pursuant to Applicable Laws.

3.7 No Abatement of Rent. Except as otherwise specifically set forth in this Lease, no abatement, diminution or reduction (a) of Rent, charges or other compensation, or (b) of Tenant's other obligations hereunder shall be allowed to Tenant or any Person claiming under Tenant, under any circumstances or for any reason whatsoever and to the maximum extent

permitted by Applicable Laws, Tenant hereby waives the application of any local or state statutes, land rules, regulations or ordinance providing to the contrary.

3.8 Lockbox. Within one hundred twenty (120) days of the date hereof, all Gross Revenues shall be deposited by Tenant into, and disbursed from, such accounts as are specified in, and subject to the provisions of, a Deposit Account Control Agreement, whereby Tenant irrevocably authorizes the agent specified in the Deposit Account Control Agreement to comply with the terms of this Lease. Tenant and Landlord may not make modifications to such Deposit Account Control Agreement, including changing the agent appointed to receive such Gross Revenues without the prior written consent of Landlord, Tenant, and any Mortgagee.

3.9 Security Agreement. Tenant hereby grants to Landlord a security interest in (a) the Reserve, (b) the 2018 Reserve provided at Section 3.3 of the Omnibus Agreement, (c) all cash, money, financial assets, and other property now or at any time hereafter held therein, all shares of stock, securities, instruments, bonds, mutual funds, investment property, financial assets and other assets, of every kind, character, and description now owned or hereafter acquired by Tenant and held therein, together with all options, privileges and other rights, contractual or otherwise, with respect thereto, and all dividends, cash, instruments and other property, including, without limitation, additional shares of stock, securities, bonds, mutual funds, notes, and other assets from time to time received, receivable, or otherwise distributed in respect of or in exchange for any or all of the foregoing, but specifically excluding the Purchase Money Note, (d) all replacements or substitutions of such financial assets and other property, and proceeds of the sale or other disposition of, any of the foregoing, including without limitation, cash proceeds, and (e) all proceeds of any and all of the foregoing, in each case, whether now owned or hereafter acquired, as security for Tenant's obligations to Landlord hereunder and agrees that, in addition to all other rights and remedies available to Landlord pursuant to the terms of this Lease, Landlord shall have all rights of a secured party under applicable law with respect to such assets and proceeds. Tenant agrees to execute and deliver all such instruments as reasonably approved by Tenant that may be reasonably required by Landlord to evidence and/or perfect these security interests. At Landlord's expense, Landlord may file at the state and county Uniform Commercial Code filing offices any financing statement or other instrument needed to evidence and/or perfect these security interests. Tenant hereby grants to Landlord a power of attorney specifically limited to Landlord's execution and filing of any financing statement needed to evidence and/or perfect Landlord's aforesaid security interest, which power is coupled with an interest and is irrevocable during the Term. Tenant acknowledges and agrees that Landlord may collaterally assign such security interest to a Mortgagee that may, in turn, further collaterally assign such security interest.

ARTICLE 4

USE OF THE LEASED PROPERTY

4.1 Permitted Use.

4.1.1 Permitted Use. Tenant covenants and agrees that it shall, throughout the Term, less and except during the continuation of a casualty, condemnation or Force Majeure Event, continuously use and occupy the Leased Property solely for operation of the Business, and for such other uses as may be necessary or incidental to such use, and for no other purpose

without interruption (the foregoing being referred to as the "**Permitted Use**"). Without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed, no Affiliate of Tenant (other than those listed on Schedule 4.1.1) may be a subtenant or concessionaire in the Leased Property. No use shall be made or permitted to be made of the Leased Property which will cause the cancellation of any insurance policy covering the Leased Property or any part thereof, nor shall Tenant sell or otherwise provide or permit to be kept, used or sold in or about the Leased Property any article which may be prohibited by law or by the standard form of fire insurance policies, or any other insurance policies required to be carried hereunder, or fire underwriter's regulations. Tenant shall, at its sole cost, comply with all Insurance Requirements. Tenant shall not negligently or willfully take or omit to take any action, the taking or omission of which materially impairs the value or the usefulness of the Leased Property or any part thereof for its Permitted Use.

4.1.2 Necessary Approvals. Tenant shall at all times during the Term and in accordance with the terms of this Lease maintain, in good standing, all Permits and approvals necessary to use and operate, for its Permitted Use, the Leased Property and the Business operated thereon under Applicable Laws, and shall provide to Landlord, upon Landlord's reasonable request, a copy of any documents or information pertaining to said Permits and approvals readily available to Tenant. Landlord shall, at no cost or liability to Landlord, reasonably cooperate with Tenant in this regard.

4.1.3 Lawful Use, Etc. Tenant shall not use or suffer or permit the use of the Leased Property or Tenant's Personal Property, if any, for any unlawful purpose. Tenant shall not commit or suffer to be committed any waste on the Leased Property nor shall Tenant cause or permit any unlawful nuisance thereon or therein. Tenant shall not suffer nor permit the Leased Property, or any portion thereof, to be used in such a manner as (i) would reasonably be expected to impair Landlord's title thereto or to any portion thereof, (ii) would reasonably be expected to allow a claim or claims for adverse usage or adverse possession by the public, as such, or of implied dedication of the Leased Property or any portion thereof, or (iii) would reasonably be expected to result in a material, negative change in its quality or condition.

4.1.4 Compliance with Legal Requirements. Tenant shall at all times, at its sole cost and expense, keep, maintain and operate the Leased Property in compliance with all Legal Requirements; provided that the cost or expense of any improvement, alteration, repair or addition required under any Legal Requirement or necessary for compliance with any Applicable Law may be paid for using funds from the Reserve and otherwise in accordance with Article 3 of the Omnibus Agreement. Tenant agrees to give Landlord Notice of any written notices, orders or other communications relating to Legal Requirements affecting the Leased Property which is or are enacted, passed, promulgated, made, issued or adopted, a copy of which is served upon, or received by, Tenant, or a copy of which is posted on or fastened or attached to the Leased Property, within five (5) Business Days after service, receipt, posting, fastening or attaching. At the same time, Tenant will inform Landlord as to the work or steps which Tenant proposes to do or take in order to comply therewith. Tenant shall manage the use of all Hazardous Substances stored at, or used in connection with, the Leased Property and Business in accordance with all applicable Environmental Laws.

4.2 Environmental Matters.

4.2.1 Except in accordance with Applicable Laws, Tenant shall at all times during the Term keep the Leased Property free of Hazardous Substances, except for such items which may typically be collected, stored and utilized (in reasonable quantities) at facilities such as the Business in the ordinary course of business and insofar as Tenant collects, stores, and utilizes such Hazardous Substances in accordance with all Applicable Laws. Neither Tenant nor any of its employees, agents, invitees, licensees, contractors, guests, or subtenants (if permitted) shall use, generate, manufacture, refine, treat, process, produce, store, deposit, handle, transport, Release (as defined below), or dispose of Hazardous Substances in, on, at, under, from or about the Leased Property, in violation of any Applicable Law(s). Tenant shall give Landlord prompt Notice of any claim received by Tenant from any person, entity, or applicable Governmental Agencies that a Release or disposal of Hazardous Substances has occurred or otherwise been identified on the Leased Property or the Environment thereof, but only to the extent caused by Tenant, and shall strictly comply with and correct, at Tenant's sole cost and expense, any and all violations of Applicable Law(s) to the written satisfaction of the applicable Governmental Agencies and Landlord. Upon request of Landlord, Tenant shall provide Landlord with a copy of any and all written correspondence between any such applicable Governmental Agency and Tenant. Under this Section 4.2, the term "**Release**" shall mean any potential or actual presence in, on, at, under, from, or the spilling, leaking, migrating, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the Environment of any Hazardous Substance(s) by Tenant. Tenant shall not knowingly or intentionally discharge or permit to be discharged into any septic facility or sanitary sewer system serving the Leased Property any Hazardous Substance(s), toxic or hazardous sewage or waste other than that which is permitted by Applicable Laws or which is normal domestic waste water for the type of business contemplated by this Lease to be conducted by Tenant on, in, at or from the Leased Property. Any Hazardous Substance(s) toxic or hazardous sewage or waste which is produced or generated in connection with the use or operation of the Leased Property shall be handled and disposed of as required by and in strict compliance with all Applicable Law(s), or shall be pretreated to the level of domestic wastewater, as specified by Applicable Law(s), prior to discharge into any septic facility or sanitary sewer system serving the Leased Property.

4.3 Continuous Operations. Tenant shall continuously operate the Leased Property in the manner required hereunder. Other than the Management Agreement, Tenant shall not enter into any management agreement with respect to the Leased Property unless such management agreement is approved in writing by Landlord and any Mortgagee, in Landlord's and such Mortgagee's sole and absolute discretion, and any such management agreement shall be expressly subordinate to the interests of Landlord and the holder of any Facility Mortgage, and the payment of any management fees thereunder shall be expressly subordinate to payment of Rent under this Lease. Any such management agreement, including without limitation the Management Agreement, must provide that such management agreement is subordinate and junior-in-interest to all of Landlord's interests in the Leased Property, all of Tenant's interests in the Leased Property, and any financing obtained by Landlord which is secured by any or all of Landlord's interest in the Leased Property or this Lease.

4.4 Compliance With Restrictions, Etc. Tenant, at its sole cost and expense, shall comply in all respects with all Permitted Encumbrances affecting the Leased Property and Tenant shall comply with and perform all of the obligations set forth under the same to the extent that the same are applicable to the Leased Property; provided, however, the foregoing shall not require Tenant to perform any of Landlord's obligations under any Permitted Encumbrance

relating to a Facility Mortgage or any other financing incurred by Landlord. Further, in addition to Tenant's payment obligations under this Lease, Tenant shall pay all sums charged, levied or assessed under any Permitted Encumbrances (other than any encumbrances relating to a Facility Mortgage or any other financing or obligation incurred by or on behalf of Landlord) promptly as the same become due and shall, upon receipt of written request by Landlord, promptly furnish Landlord evidence of payment thereof.

ARTICLE 5

MAINTENANCE AND REPAIRS

5.1 Tenant's Obligations.

5.1.1 Tenant shall, at its sole cost and expense, keep the Leased Property in good working order and repair, reasonable wear and tear excepted, and shall promptly make all repairs and maintenance replacements thereto (including capital improvements and major repairs) as may be necessary to maintain the standard of operation for the Business as set forth herein, including but not limited to upgrades or improvements to the Leased Property that have the effect of reasonably maintaining or improving its competitive position in its respective marketplace or maintaining its compliance with all Governmental Agencies and other applicable regulatory bodies. Such items shall include, but not be limited to, repairs or replacements of the roof, structural elements of the walls, parking area or the electrical, plumbing, HVAC or other mechanical or structural systems, new or replacement wallpaper and painting, landscaping, tiles and carpeting, window coverings, lighting fixtures, furnishings and moveable equipment and appliances. All repairs shall be made in a good, workmanlike manner, consistent with the standards generally employed by owners and operators of facilities comparable to the Facility, as may be improved from time to time, in accordance with all applicable federal, state and local statutes, ordinances, by laws, codes, rules and regulations relating to any such work.

5.1.2 Tenant shall also, at its sole cost and expense, put, keep, replace and maintain Tenant's Personal Property and any of the Initial Landlord P&E (but excluding all intangible personal property of Tenant) in good repair and in good, safe and substantial order, reasonable wear and tear excepted, howsoever the necessity or desirability for repairs may occur, and whether or not necessitated by wear, tear, obsolescence or defects. Tenant may at any time and from time to time remove and dispose of any of Tenant's Personal Property which is either (i) obsolete or unfit for use or which is no longer useful in the operation of the Business or (ii) not reasonably required for the operation of the Business as required herein.

5.1.3 In addition to the foregoing, Tenant shall, at its sole cost and expense, comply with and perform any maintenance obligations and/or requirements set forth in any and all applicable agreements or permits concerning storm water control or drainage procedures and any agreements or permits applicable to any rights in or to navigable waters associated with or related to the Leased Property or the operation thereof.

5.1.4 Insofar as it is permitted under Section 3.3 of the Omnibus Agreement hereof, Tenant shall be allowed to utilize the funds in the Reserve described below for any obligation set forth above related to repairs, replacements and/or maintenance.

5.2 Intentionally Omitted.

5.3 Landlord Funding. If Landlord provides a portion of Landlord's Additional Investment, to fund the costs of construction, renovation and/or refurbishment, as applicable, with respect to the Leased Property (an "**Improvement Project**"), Landlord and Tenant acknowledge and agree that (a) all amounts funded by Landlord in connection with such Improvement Project shall be deemed and treated as Landlord's Additional Investment and shall be added to and become part of the Adjusted Lease Basis, (b) all amounts disbursed by Landlord in connection with such Improvement Project shall be used by Tenant solely in connection with the Permitted Renovations to the Leased Property approved in writing by Landlord in connection with such Improvement Project, (c) the terms, conditions, rights and obligations of Tenant and Landlord, as applicable, set forth in this Section 5.3 shall be complied with in all respects by Tenant and Landlord, as applicable, with respect to such Improvement Project, and (d) all improvements and personal property acquired in connection with such Improvement Project shall be the property of Landlord and shall be part of the Leased Property hereunder. For these purposes, the parties acknowledge that the Minimum Rent set forth in Section 3.2 of the Lease has been calculated based solely on the Landlord's Original Investment, and when increasing the Adjusted Lease Basis to take into account the amount of any Landlord's Additional Investment related to the cost of any Improvement Project, beginning with the month after the Improvement Project is placed into service there shall be an increase in Minimum Rent by an amount equal to the actual monthly interest costs incurred by Landlord from an unrelated third party lender regarding the Landlord's Additional Investment.

ARTICLE 6

IMPROVEMENTS, ETC.

6.1 Prohibition. Except for Minor Alterations as hereinafter expressly provided in Section 6.2, and except as otherwise required due to normal wear and tear, no portion of the Leased Property shall be demolished, removed or altered by Tenant in any manner whatsoever without the prior written consent and approval of Landlord. Tenant shall be entitled and obligated to undertake all alterations to the Leased Property required by any Legal Requirements and, in such event, Tenant shall comply with the provisions of Section 6.2 below.

6.2 Permitted Renovations. The activities permitted pursuant to Section 6.2.1 and Section 6.2.2 below shall collectively constitute "**Permitted Renovations**."

6.2.1 Minor Alterations. Landlord acknowledges that certain minor alterations and renovations to the Leased Improvements may be undertaken by Tenant from time to time ("**Minor Alterations**"). Landlord hereby agrees that Tenant shall be entitled to perform such Minor Alterations on or about the Leased Improvements without the prior approval of Landlord; provided, however, that the collective cost of all Minor Alterations shall not exceed Ten Thousand and No/100 Dollars ($10,000.00) per Lease Year, and the same shall not weaken or impair the structural strength of any buildings or other structural improvements which constitute part of the Leased Improvements, or materially alter their design or appearance (including, but not limited to, a reduction in the number of units), materially impair the use of any of the service facilities located on the Leased Property, or fundamentally affect in any detrimental manner the character or suitability of, the Leased Improvements for the Permitted Use above, or materially lessen or impair the value thereof. If Tenant elects to perform any Minor Alterations, the cost thereof shall be borne by Tenant and accounted for in accordance with GAAP.

6.2.2 Additions, Expansions and Structural Alterations. All alterations, additions, expansions and renovations to the Leased Improvements which do not qualify as Minor Alterations shall constitute "**Major Alterations**." Except as expressly permitted in Section 6.1 and Section 6.2.1 above, nothing in this Article 6 or elsewhere in this Lease shall be deemed to authorize Tenant to perform any Major Alterations; it being understood that Tenant may do so only with the prior written consent and approval of Landlord, which consent and approval may be withheld by Landlord in its sole and absolute discretion and may be conditioned upon the payment by Tenant to Landlord of all reasonable costs incurred by Landlord in evaluating the same, providing additional insurance and such other conditions as Landlord may impose. If Tenant elects to perform any Major Alterations, the cost thereof shall be borne by Tenant.

6.3 Conditions to Reserve Expenditures and Permitted Renovations. In connection with any Reserve Expenditures Permitted Renovations pursuant to the Approved Reserve Budget, Tenant shall satisfy the following conditions:

(a) Except in the case of Minor Alterations, before the commencement of any Permitted Renovations deemed to require plans and specifications by Applicable Law, such plans and specifications therefor or a detailed itemization thereof prepared by a licensed architect reasonably approved by Landlord, or other design professional appropriate under the circumstances reasonably approved by Landlord shall be furnished to Landlord for its review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. Such approval shall not constitute Landlord's agreement that such plans and specifications are in compliance with Applicable Laws or an assumption by Landlord of any liability in connection with the Permitted Renovations contemplated thereby. In the case of Minor Alterations, to the extent applicable, Tenant shall furnish to Landlord a complete set of plans and specifications therefore or a detailed itemization thereof for its records.

(b) To the extent required by any Legal Requirements and Applicable Laws, before the commencement of any such work, Tenant shall obtain the approval thereof by all Governmental Agencies having or claiming jurisdiction of or over the Leased Property, and with any public utility companies having an interest therein. In connection with any such work Tenant shall comply with all Legal Requirements and Applicable Laws, of all other Governmental Agencies having or claiming jurisdiction of or over the Leased Property and of all their respective departments, bureaus and offices, and with the requirements, if any, of such public utilities, of the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction, or any other body exercising similar functions, and of all insurance companies then writing policies covering the Leased Property or any part thereof.

(c) Tenant represents and warrants to Landlord that all such work will be performed in a good and workmanlike manner and in accordance with the plans and specifications required under this Section 6.3 therefor, the terms, provisions and conditions of this Lease and all applicable governmental requirements.

(d) Landlord, at its sole cost and expenses and upon not less than twenty-four (24) hours' Notice to Tenant, shall have the right to inspect any such work at all times during normal working hours using such inspector(s) as it may deem necessary so

long as such inspections do not unreasonably interfere with Tenant's work or the Business (but Landlord shall not thereby assume any responsibility for the proper performance of such work in accordance with the terms of this Lease, nor any liability arising from the improper performance thereof).

(e) All work comprising a part of the Permitted Renovations or other work pursuant to which Reserve Expenditures are used, shall, subject to Section 7.1 hereof, be performed free of any Liens on Landlord's fee simple and/or leasehold interest, or Tenant's leasehold interest, in the Leased Property.

(f) To the extent required by any Legal Requirements or Applicable Laws, upon substantial completion of any Permitted Renovations or other work pursuant to which Reserve Expenditures are used, Tenant shall procure a certificate of occupancy, certificate of completion or other final approvals, if applicable, from the appropriate Governmental Agencies and provide copies of same to Landlord.

(g) Tenant shall, and hereby agrees to, indemnify, save, pay, insure and hold Landlord and its Affiliated Parties harmless from and against and reimburse Landlord for any and all loss, damage, cost, liability, fee and expense (including, without limitation, reasonable attorney's fees based upon service rendered at hourly rates) incurred by or asserted against Landlord which is occasioned by or results, directly or indirectly, from any such work conducted upon the Leased Property; whether or not the same is caused by, or is the fault of Tenant or any agent, employee, manager, contractor, subcontractor, laborer, supplier, materialmen or any other third party; provided, however, Tenant shall not be obligated to indemnify Landlord from any loss as aforesaid caused by Landlord's gross negligence or willful misconduct.

6.4 Salvage. Other than Tenant's Personal Property, all materials which are scrapped or removed in connection with maintenance and repair performed pursuant to Article 5 and the making of Permitted Renovations pursuant to this Article 6 shall be disposed of by Tenant and the net proceeds thereof, if any, shall be deposited in the Reserve.

6.5 Project Budget Overruns. Other than as specifically set forth herein, Landlord shall not be responsible for the cost of any Improvement Projects or Permitted Renovations contemplated or permitted hereby. Landlord shall have the right to review and approve a budget for any Improvement Projects or Permitted Renovations which Landlord agrees to fund. With respect to any Improvement Project or Permitted Renovation which Landlord agrees to fund all such amounts shall be added to and become a part of the Adjusted Lease Basis, as more particularly described in Section 5.3 hereof. In the event Landlord agrees to fund any Improvement Project or Permitted Renovation, Landlord agrees that it will fund up to ten percent (10%) in excess of the original approved budget, but shall have no responsibility to fund any costs which, in the aggregate, exceed one hundred and ten percent (110%) of the approved budgeted amount for such Improvement Project or Permitted Renovation. To the extent that Tenant requests that Landlord fund and Landlord agrees to fund such amounts in excess of one hundred ten percent (110%) of the approved budgeted amount for any Improvement Project or Permitted Renovation, one hundred twenty percent (120%) of such excess amounts funded by Landlord shall be added to and become a part of Adjusted Lease Basis. Notwithstanding the foregoing, even in the event Tenant does not request Landlord to fund such excess, Tenant shall

remain obligated to diligently complete any such Improvement Project or Permitted Renovation in a timely and workmanlike manner, consistent with all Landlord approved plans and specifications and in conformance with all Applicable Laws. Tenant acknowledges that any expenditure in excess of one hundred and ten percent (110%) of the approved budgeted amount for such Improvement Project or Permitted Renovation, and any other expenditure for Improvement Projects or Permitted Renovations, may be subject to Landlord obtaining the approval of such expenditure by the board of directors of the Parent of Landlord.

ARTICLE 7

LANDLORD'S INTEREST NOT SUBJECT TO LIENS

7.1 Liens, Generally. Tenant shall not, directly or indirectly, create or cause to be imposed, claimed or filed upon the Leased Property, or any of Tenant's assets, properties or income, or any portion thereof related to the Leased Property, or upon the interest of Landlord therein, any Lien of any nature whatsoever, except upon Landlord's prior written consent which consent may be withheld in Landlord's sole and absolute discretion. If, because of any act or omission of Tenant, any such Lien shall be imposed, claimed or filed by any party whosoever or whatsoever, Tenant shall, at its sole cost and expense, cause the same to be promptly (and in no event later than thirty (30) days following receipt of notice of such Lien) fully paid and satisfied or otherwise promptly discharged of record (by bonding or otherwise) and Tenant shall indemnify, save, pay, insure and hold Landlord harmless from and against any and all costs, liabilities, suits, penalties, claims and demands whatsoever, and from and against any and all reasonable attorney's fees, at both trial and all appellate levels, resulting or on account thereof and therefrom. In the event that Tenant shall fail to comply with the foregoing provisions of this Section 7.1, Landlord shall have the option, but not the obligation, of paying, satisfying or otherwise discharging (by bonding or otherwise) such Lien and Tenant agrees to reimburse Landlord, upon demand and as an Additional Charge, for all sums so paid and for all costs and expenses incurred by Landlord in connection therewith, together with interest thereon, until paid.

7.2 Construction or Mechanics Liens. Landlord's interest in the Leased Property shall not be subjected to Liens of any nature by reason of Tenant's construction, alteration, renovation, repair, restoration, replacement or reconstruction of any improvements on or in the Leased Property, or by reason of any other act or omission of Tenant (or of any person claiming by, through or under Tenant) including, but not limited to, construction, mechanics' and materialmen's liens. All persons dealing with Tenant are hereby placed on notice that such persons shall not look to Landlord or to Landlord's credit or assets (including Landlord's interest in the Leased Property) for payment or satisfaction of any obligations incurred in connection with the construction, alteration, renovation, repair, restoration, replacement or reconstruction thereof by or on behalf of Tenant. Tenant has no power, right or authority to subject Landlord's interest in the Leased Property to any construction, mechanics' or materialmen's lien or claim of lien. If a Lien, a claim of lien or an order for the payment of money shall be imposed against the Leased Property on account of work performed, or alleged to have been performed, for or on behalf of Tenant, Tenant shall, within thirty (30) days after written notice of the imposition of such Lien, claim or order, cause the Leased Property to be released therefrom by the payment of the obligation secured thereby or by furnishing a bond or by any other method prescribed or permitted by Applicable Laws. If a Lien was actually recorded and is released, Tenant shall thereupon furnish Landlord with a written instrument of release which has been recorded or filed

in the appropriate office of land records of the County in which the Leased Property is located. Before commencing any work relating to alterations, additions, or improvements affecting the Leased Property (other than Minor Alterations), Tenant shall notify Landlord in writing of the expected date of commencement thereof. Landlord shall then have the right at any time and from time to time to post and maintain on the Land and Leased Improvements such notices as Landlord reasonably deems necessary to protect the Leased Property and Landlord from mechanics' liens, materialmen's liens, or any other Liens. In any event, Tenant shall pay when due all claims for labor or materials furnished to or for Tenant at or for use in the Land and Leased Improvements. Tenant shall not permit any mechanics' or materialmen's liens to be levied against the Leased Property for any labor or material furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents or contractors in connection with work of any character performed or claimed to have been performed on the Land or the Leased Improvements by or at the direction of Tenant, and shall cause the release of any such Liens as provided hereinabove.

7.3 Contest of Liens. Tenant may, at its option, contest the validity of any Lien or claim of lien if Tenant shall have first posted an appropriate and sufficient bond in favor of the claimant or paid the appropriate sum into court, if permitted by and in strict compliance with Applicable Laws, and thereby obtained the release of the Leased Property from such Lien. If judgment is obtained by the claimant under any Lien, Tenant shall pay the same immediately after such judgment shall have become final and the time for appeal therefrom has expired without appeal having been taken. Tenant shall, at its sole cost and expense, with the assistance of counsel for any lien in excess of $10,000.00 (such counsel to be reasonable acceptable to Landlord), diligently defend the interests of Tenant and Landlord in any and all such suits; provided, however, that Landlord may, nonetheless, at its election and expense, engage its own counsel and assert its own defenses, in which event Tenant shall reasonably cooperate with Landlord and make available to Landlord all information and data which Landlord deems reasonably necessary for such defense.

7.4 Notices of Commencement. If required by the laws of the State in which the Leased Property is located, prior to commencement by Tenant of any work on the Leased Property which shall have been previously permitted by Landlord as provided in this Lease, Tenant shall record or file a notice of the commencement of such work or similar notice required by Applicable Law (the "**Notice of Commencement**") in the land records of the county in which the Leased Property is located, identifying Tenant as the party for whom such work is being performed, stating such other matters as may be required by law and requiring the service of copies of all notices, Liens or claims of lien upon Landlord. Any such Notice of Commencement shall clearly reflect that the interest of Tenant in the Leased Property is that of a leasehold estate and shall also clearly reflect that the interest of Landlord as the fee simple owner of the Leased Property shall not be subject to construction, mechanics or materialmen's liens on account of the work which is the subject of such Notice of Commencement. A copy of any such Notice of Commencement shall be furnished to and approved by Landlord and its attorneys (at Landlord's sole cost) prior to the recording or filing thereof, as aforesaid.

ARTICLE 8

TAXES AND ASSESSMENTS

8.1 Obligation to Pay Taxes and Assessments. Throughout the entire Term, Tenant shall bear, pay and discharge as Additional Charges and not later than the last day on which payment may be made without penalty or interest, any and all taxes, assessments, charges, levies, fees (including, without limitation, license, permit, inspection, authorization and similar fees) and other impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, foreseen or unforeseen, and each and every installment thereof which shall or may during or with respect to the Term hereof accrue and/or be charged, laid, levied, assessed, or imposed upon, or arise in connection with, the use, occupancy, operation or possession of the Leased Property or any part thereof or the Business conducted thereon, including, without limitation, ad valorem real and personal property taxes, all taxes charged, laid, levied, assessed or imposed in lieu of or in addition to any of the foregoing by virtue of all present or future laws, ordinances, requirements, orders, directions, rules or regulations of Governmental Agencies, and all assessments and charges imposed pursuant to the Permitted Encumbrances (other than those relating to a Facility Mortgage or other financing of Landlord or any predecessor holder of title) or other documents of record affecting title to the Leased Property, with the understanding that any such Additional Charge that relates to any period prior to the expiration of the Term or the earlier termination of this Lease which does not become due and payable until after such expiration or termination shall be the responsibility of Tenant. Tenant shall prepare and timely file all applicable returns required with respect to such taxes, assessments, impositions or charges, including, without limitation, all personal property tax returns required in connection with the Leased Property. Upon Landlord's request, Tenant shall promptly furnish to Landlord satisfactory evidence of the payment of all such taxes, assessments, impositions or charges and copies of any such returns filed. Notwithstanding the foregoing, Tenant shall not be responsible for Additional Charges due and payable after the expiration of the Term to the extent that the same relate and apply interests and benefits accruing to Landlord after the Term. Tenant shall have no right to approve any Facility Mortgage or other documents relating to indebtedness of Landlord and Tenant shall have no responsibility to pay any tax, charge or imposition levied with respect to any Facility Mortgage.

8.2 Tenant's Right to Contest Taxes. Notwithstanding the foregoing, Tenant shall have the right, after prior written notice to Landlord, to contest at its own expense the amount and validity of any taxes affecting the Leased Property by appropriate proceedings under Applicable Laws conducted in good faith and with due diligence and to postpone or defer full payment thereof, provided and so long as:

(a) Such proceedings shall operate to postpone or defer full payment of such taxes with respect to the Leased Property; and

(b) Neither the Leased Property nor any part thereof would be in immediate danger of being forfeited or lost by reason of such proceedings, postponement or deferment.

8.3 Tax and Insurance Escrow Account. During the existence of any Event of Default hereunder, or upon request of a Mortgagee, Landlord shall have the right, by written notice to

Tenant effective as of the date of such notice, to require Tenant to pay or cause to be paid into a separate account (the "**Tax and Insurance Account**") to be established by Tenant with a lending institution or other third party escrow agent designated by Landlord with the approval of Mortgagee (which Tax and Insurance Account shall not be removed from such lending institution or other third party escrow agent without the express prior approval of Landlord and Mortgagee), and which Landlord may draw upon, a reserve amount sufficient to discharge the obligations of Tenant under Section 8.1 and Article 9 hereof (other than worker's compensation insurance premiums) with respect to real estate taxes and insurance premiums for the applicable Fiscal Year as and when they become due (such amounts, the "**Tax and Insurance Escrow Amount**"). During each month commencing with the first full calendar month following the receipt of said notice from Landlord, Tenant shall deposit into the Tax and Insurance Account one twelfth of the Tax and Insurance Escrow Amount so that as each installment of insurance premiums and real estate taxes becomes due and payable, there are sufficient funds in the Tax and Insurance Account to pay the same. If the amount of such insurance premiums and real estate taxes has not been definitively ascertained by Tenant at the time when any such monthly deposit is to be paid, Landlord shall require payment of the Tax and Insurance Escrow Amount based upon the amount of premiums and real estate taxes paid for the preceding year, subject to adjustment as and when the amount of such premiums and real estate taxes are ascertained by Tenant. The Tax and Insurance Escrow Amount in the Tax and Insurance Account shall be and constitute additional security for the performance of Tenant's obligations hereunder and shall be subject to Landlord's security interest therein and shall, if there are sufficient funds in escrow, be used to pay taxes and insurance premiums when due. Landlord and Tenant shall execute such documentation as may be necessary to create and maintain Landlord's security interest in the Tax and Insurance Account or any collateral assignment thereof. Any balance remaining in the Tax and Insurance Amount upon cure of such Event of Default by Tenant shall be promptly returned to Tenant by Landlord within thirty (30) days of such cure.

ARTICLE 9

INSURANCE

9.1 Insurance Requirements. Commencing upon the Effective Date, Tenant shall procure and maintain the following insurance at all times during the Term of this Lease, provided, however, that Landlord reserves the right, at its sole discretion, to place on behalf of Landlord and Tenant, any of the insurance coverages required herein. Except as otherwise expressly provided herein, Landlord shall provide Tenant thirty (30) days written notice prior to exercising such right:

(a) **Property Insurance** (and to the extent applicable, Builder's Risk Insurance) including boiler and machinery and/or equipment breakdown coverage to the building(s) and contents by risks commonly covered by an ISO Special Cause of Loss or its equivalent, including loss by fire (with extended coverage) and against such other hazards and perils (including, but not limited to, loss by windstorm, hail, explosion, riot, aircraft, smoke, vandalism, malicious mischief and vehicle damage), as Landlord, in its reasonable discretion, shall from time to time require, with all such insurance to be issued in such form, with such deductible provisions, and for such amounts as shall be satisfactory to Landlord, in its reasonable discretion (but not less than such form, deductible provisions and amounts as may be required by any Mortgagee), but only so

long as any increase in or additional coverage required by Landlord or any Mortgagee is commercially reasonable and customary for similar properties providing similar services in the area. The amount of such insurance shall be based upon a value with respect to the replacement cost of the Leased Improvements and P&E located within the Premises, as such value shall be reasonably agreed upon by Landlord and Tenant (but not less than such amounts as may be required by any Mortgagee), and shall name any Mortgagee and any collateral assignee thereof as an additional insured and loss payee. The determination of the replacement cost amount shall be adjusted annually to comply with the requirements of the insurer issuing such coverage. During any period of construction at the Leased Property, or any structural renovation or alteration to the Leased Improvements, Builders Risk or equivalent Course of Construction coverage shall be required with a limit equivalent to the completed value of the project.

(b) **Flood Insurance** is required if the Facility or any part thereof is identified by the Federal Emergency Management Agency (or successor governmental agency or authority performing such identification functions) as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), in an amount equal to the maximum insurance available under the appropriate National Flood Insurance Administration program, with any excess limits as Landlord may require. In the event that the deductible is deemed commercially unreasonable, any higher deductible must be acceptable to Landlord, which approval will not be unreasonably withheld, conditioned or delayed. Such flood insurance shall be in an amount not less than full replacement cost basis with a limit equivalent to the replacement cost of the Facility (the Leased Improvements and P&E) or maximum available at commercially reasonable terms with deductibles that are reasonable and customary to similar properties. Coverage must include business interruption, including loss of rents.

(c) **Earthquake Insurance** is required if the Facility is located in whole or in part within an Earthquake zone, as determined by the U.S. Geological Survey, including insurance coverage for loss or damage caused by earth movement. Such coverage, including business income, shall be for not less than the probable maximum loss as determined by a recognized earthquake/engineering firm, less a reasonable deductible subject to the approval of Landlord. Such insurance shall contain limits and deductibles reasonably acceptable to the Landlord and in accordance with that which is customarily carried by owners of properties similar in type, location and quality as the Leased Improvements.

(d) **Business Interruption Insurance** (including loss of rents) shall be maintained in an amount sufficient to provide proceeds which will cover the "**Actual Loss Sustained**" during restoration of any portion of the Facility or the Leased Improvements. Actual Loss Sustained shall mean projected gross revenues (less non-recurring expenses) for a period of not less than twelve (12) months. The amount of coverage shall be adjusted annually to reflect changes to Actual Loss during the succeeding twelve (12) month period. The perils covered by this insurance shall be the same as those required in Sections 9.1(a), 9.1(b), and 9.1(c) above.

(e) All insurance policies, except earthquake and flood procured under Sections 9.1(b) and 9.1(c) above, shall provide terrorism coverage, to the extent available through the commercial insurance market or by Federal Act at rates, terms and conditions acceptable to Landlord. If Landlord requires terrorism insurance to be procured by Tenant under Section 9.1(a) above, Landlord shall authorize Tenant to procure such coverage and Tenant shall provide Landlord said rates, terms and conditions of the terrorism insurance upon binding coverage for the Facility.

(f) **Commercial General Liability** on an occurrence form (ISO CG0001 or its equivalent) with unimpaired limits not less than One Million and No/100 Dollars ($1,000,000.00) per occurrence and Two Million and No/100 Dollars ($2,000,000.00) per location aggregate (or such other amounts as Landlord, in its reasonable discretion, shall from time to time require, with all such insurance to be issued in such form, with such deductible provisions, and for such amounts as shall be satisfactory to Landlord, in its reasonable discretion, and not less than such form, deductible provisions and amounts as may be required by any Mortgagee, but only so long as any increase in or additional coverage required by Landlord or any Mortgagee is commercially reasonable and customary for similar properties providing similar services in the area. Such coverage shall include Abuse and Molestation coverage. An endorsement shall be included naming Landlord as an additional insured as respects liability arising from work, operations, occupancy or use of the Leased Property by or on behalf of Tenant. Coverage must include contractual liability, products/completed operations liability (unless otherwise agreed), and broad form property damage and must contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke, or fumes from a hostile fire. Such insurance must be written on an occurrence basis. Liability insurance maintained by Tenant will be primary coverage and name Tenant as loss payee and also naming the Mortgagee and any collateral assignee thereof as an additional insured, without right of contribution by any similar insurance that may be maintained by Landlord. Should "**Claims Made**" coverage be obtained, the coverage under such policy must be continuously maintained with a retroactive date preceding the Certification Date and shall continue for a period following the expiration or termination of this Lease that is sufficient to cover any applicable statute of limitations.

(g) **Commercial Automobile Liability** insurance including coverage for any owned, non-owned, and leased automobiles and garage keepers liability (if applicable) with limits not less than One Million and No/100 Dollars ($1,000,000) per accident.

(h) **Employee Dishonesty/Crime** insurance in an amount acceptable to Landlord and Tenant; provided that maintenance of the deductible shall be commercially reasonable and shall be maintained by owners of properties similar in type, location and quality as the Facility.

(i) **Workers' Compensation and Employers Liability** insurance shall be in the form and amount required by State statute with limits of at least One Million and No/100 Dollars ($1,000,000) each accident, One Million and No/100 Dollars ($1,000,000) disease-policy limit, and One Million and No/100 Dollars ($1,000,000) disease-each employee, or such other amounts as are required by law or available on a voluntary basis.

(j) **Employment Practices Liability** insurance with limits in an amount reasonably acceptable to Landlord, and includes coverage for a third party.

(k) **Professional Liability** coverage for claims arising as a result of alleged negligence, dishonesty, errors or omissions while performing or rendering professional services with limits of not less than One Million and No/100 Dollars ($1,000,000) per occurrence and Two Million and No/100 Dollars ($2,000,000) per aggregate (or such other amounts as Landlord, in its reasonable discretion, shall from time to time require, with all such insurance to be issued in such form, with such deductible provisions, and for such amounts as shall be satisfactory to Landlord, in its reasonable discretion, and not less than such form, deductible provisions and amounts as may be required by any Mortgagee).

(l) **Umbrella/Excess Liability** insurance on an occurrence form above the required Commercial General Liability, Commercial Auto Liability and Employer's Liability coverages with limits of not less than Five Million and No/100 Dollars ($5,000,000) per occurrence and Five Million and No/100 Dollars ($5,000,000) per location aggregate written on a form excess over and no less broad than the liability coverage referenced above as the underlying commercial general liability, automobile liability, and employer's liability. Coverage must drop down for exhausted aggregate limits under Commercial General Liability, Commercial Auto Liability and Employer's Liability subject to a self-insured retention not to exceed Ten Thousand and No/100 Dollars ($10,000) per occurrence or accident. Additionally, Landlord may increase the above umbrella/excess coverage requirement, but not beyond an amount of Ten Million and No/100 Dollars ($10,000,000) per occurrence and Ten Million and No/100 Dollars ($10,000,000) aggregate, but only in the event any lender to Landlord requires such increased umbrella/excess coverage for all facilities subject to such financing by such lender.

(m) Mortgagee Provisions, (if applicable) which must match standard clause of ISO forms of lender's Loss Payable clause as further described in section D of ISO form CP 12 18 (06 07); a copy of which must be included with the certificate of insurance.

(n) Such additional insurance or increased insurance limits as may be reasonably required, from time to time, by Landlord (including, without limitation, any), or any Mortgagee, provided the same is customarily carried by a majority of comparable facilities in the area.

9.2 Waiver of Subrogation. Landlord and Tenant agree that with respect to any property loss which is covered by insurance then being carried by Landlord or Tenant, respectively, the party carrying such insurance and suffering said loss releases the other of and from any and all claims with respect to such loss, and they further agree that their respective insurance companies shall have no right of subrogation against the other on account thereof.

9.3 General Provisions. The property insurance deductible shall not exceed One Hundred Thousand and No/100 Dollars ($100,000.00), unless such greater amount is agreeable to both Landlord and Tenant, or if a higher deductible for high hazard risks (i.e., wind or flood) is mandated by the insurance carrier. All insurance policies pursuant to this Article 9 shall: (i) be with insurers authorized to conduct business in the state within which the Leased Property is

located; (ii) currently have and at all times during this Lease maintain a rating of at least A- from Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. or an AM Best Rating of A:XI or better; (iii) specifically identify insured location(s) by name and contain the complete address of the Leased Property; (iv) be for terms of at least one (1) year; (v) contain deductibles to be approved by Landlord in its reasonable discretion; (vi) not cause Landlord to be liable for any insurance premiums thereon or subject to any assessments thereunder; and (vii) all such coverages required herein shall be primary and any insurance carried by any additional insured shall be excess and non-contributory to the extent of the indemnification obligation pursuant to Section 9.4 below. All such policies described in Section 9.1, with the exception of Workers' Compensation, Employer's Liability, Employee Dishonesty/Crime, Professional Liability and Employment Practices Liability, shall name Landlord, Manager and Mortgagee as additional insureds, lenders loss payees, or mortgagees, as their interests may appear and to the extent of their indemnity. All loss adjustments shall be payable as provided in Article 10. Tenant shall deliver certificates of liability (ACORD 25) and Evidence of Commercial Property Insurance (ACORD 28) thereof to Landlord and Mortgagee prior to their effective date (and, with respect to any renewal policy, no less than thirty (30) days prior to the expiration of the existing policy), which certificates shall state the nature and level of coverage reported thereby, as well as the amount of the applicable deductible. Upon Landlord's request, duplicate original copies of all insurance policies to be obtained by Tenant shall be provided to Landlord by Tenant. All such policies must provide Landlord (and any Mortgagee whose name and address has been provided to Tenant if required by the same) thirty (30) days prior written notice of any material change or cancellation, amendment, termination, or lapse of such policy.

In the event Tenant shall fail to effect such insurance as herein required, to pay the premiums therefor or to deliver such certificates to Landlord or any Mortgagee at the times required, Landlord shall have the right, but not the obligation, subject to the provisions of Section 12.4, to acquire such insurance and pay the premiums therefor, which amounts shall be payable to Landlord, upon demand, as an Additional Charge, together with interest accrued thereon at the Overdue Rate from the date such payment is made until (but excluding) the date repaid.

9.4 Indemnification of Landlord. Except as expressly provided herein, Tenant shall protect, indemnify, pay, save, insure, defend and hold harmless Landlord for, from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and reasonable expenses (including, without limitation, reasonable attorneys' fees), to the maximum extent permitted by law, imposed upon or incurred by or asserted against Landlord by reason of: (a) any accident, injury to or death of persons or loss of or damage to property of third parties occurring on or about the Leased Property or adjoining sidewalks or rights of way under Tenant's control during the Term, and (b) any use, misuse, condition, management, maintenance or repair by Tenant or anyone claiming under Tenant of the Leased Property or Tenant's Personal Property during the Term, or any litigation, proceeding or claim by Governmental Agencies relating to such use, misuse, condition, management, maintenance, or repair thereof to which Landlord is made a party; provided, however, that Tenant's obligations hereunder shall not apply to any liability, obligation, claim, damage, penalty, cause of action, cost or expense arising from any gross negligence or willful misconduct of Landlord, its employees, agents, contractors or invitees. Any such claim, action or proceeding asserted or instituted against Landlord covered under this indemnity shall be defended by counsel selected by Tenant and reasonably acceptable to Landlord, at Tenant's sole cost and expense. The obligations of Tenant

under this Section 9.4 shall survive the expiration or any early termination of this Lease for a period of one (1) year, except as otherwise provided for herein.

ARTICLE 10

CASUALTY

10.1 Restoration and Repair. If during the Term the Leased Property shall be totally or partially destroyed and thereby rendered Unsuitable for Its Permitted Use, Tenant shall give Landlord prompt Notice thereof. Either Landlord or Tenant may, by the giving of Notice thereof to the other party within sixty (60) days after such casualty occurs, terminate this Lease, whereupon Landlord shall be entitled to retain the hazard insurance proceeds payable on account of such damage (except that attributable to Tenant's Personal Property or Manager's Personal Property, and except for proceeds of any business interruption insurance) for application to the Facility Mortgage and Tenant shall pay to Landlord the amount of any deductible. If this Lease is not terminated pursuant to this Section 10.1, Tenant shall be obligated to proceed in a commercially reasonable manner to prosecute the restoration and repair of the Leased Property first using available proceeds from any insurance policy then in place naming Tenant as an insured party, plus the amount of any deductible thereunder. In the event that the total amount of such available insurance proceeds and any deductible to be paid by Tenant thereunder are insufficient to pay all necessary repair and restoration costs and expenses, Landlord shall fund any additional costs or expenses to repair and restore the same, and any and all amounts so funded by Landlord shall be deemed and treated as Landlord's Additional Investment hereunder and, accordingly, the Adjusted Lease Basis shall increase by an amount equal to the amount funded by Landlord contemporaneously with the funding thereof by Landlord. Tenant further expressly acknowledges, understands and agrees that in the event that this Lease is terminated as aforesaid, Landlord may settle any insurance claims and Tenant shall, upon request of Landlord, reasonably cooperate in any such settlement. If during the Term, the Leased Property shall be destroyed or damaged in whole or in part by fire, windstorm or any other cause whatsoever, but the Leased Property either (i) is not rendered Unsuitable for Its Permitted Use or (ii) is rendered Unsuitable for Its Permitted Use but neither Landlord nor Tenant terminate this Lease in the manner provided above, then, Tenant shall give Landlord immediate Notice thereof and Tenant shall, subject to the provisions of Section 10.2 below, repair, reconstruct and replace the Leased Property, or the portion thereof so destroyed or damaged, at least to the extent of the value and character thereof existing immediately prior to such occurrence and in compliance with all Legal Requirements, including any alterations to the Leased Property required to be made by any Governmental Agencies due to any changes in code or building regulations (which Tenant acknowledges may increase the replacement value of the Leased Property which Tenant will then be required to insure, due to any changes in code or building regulations). All such restoration work shall be started as promptly as practicable by Tenant following Tenant's receipt of insurance proceeds and, if applicable, any additional funds Landlord is obligated to fund pursuant to this Section 10.1, and thereafter diligently completed by Tenant. Tenant shall, however, immediately take such action as is necessary to assure that the Leased Property (or any portion thereof), does not constitute a nuisance or otherwise present or constitute a health or safety hazard. Notwithstanding anything herein to the contrary, if damage to or destruction of the Leased Property occurs during the last twenty-four (24) months of the Term and such damage or destruction cannot reasonably be expected to be fully repaired or restored prior to the

date that is twelve (12) months prior to the end of such Term, Tenant shall have no obligation to repair or restore such damage or destruction.

10.2 Escrow and Disbursement of Insurance Proceeds If this Lease is not otherwise terminated pursuant to Section 10.1, then in absence of an ongoing and continuing Event of Default hereunder, in the event of a casualty resulting in a loss to the Leased Improvements and/or the P&E in an amount greater than $100,000.00, the proceeds of all insurance policies maintained by Tenant shall be deposited in Landlord's name in an escrow account at a bank or other financial institution designated by Landlord and approved by its Facility Mortgagee and any collateral assignee thereof, and shall be used by Tenant solely for the repair, reconstruction or restoration of the Leased Property in accordance with the requirements of this Article 10. Tenant shall, at the time of establishment of such escrow account and from time to time thereafter until said work shall have been completed and paid for, furnish Landlord with adequate evidence reasonably acceptable to Landlord and its Facility Mortgagee and any collateral assignee thereof that at all times the undisbursed portion of the escrowed insurance proceeds, together with any funds made available by Tenant, is sufficient to pay for the repair, reconstruction or restoration in its entirety. Landlord or its Facility Mortgagee and any collateral assignee thereof may, at its option, require, prior to advancement of said escrowed insurance proceeds reasonable approval of plans and specifications by an architect or other design professional appropriate under the circumstances and approved by such parties and Tenant (which approval shall not be unreasonably withheld, conditioned or delayed. The escrowed insurance proceeds shall be disbursed by Landlord, not more than monthly, upon (w) partial lien waivers of general contractors and Material Subcontractors (as defined below), (x) evidence of approval by all Governmental Agencies and other regulatory bodies whose approval is required (y) certification of the contractor that such amounts are the amounts paid or payable for the repair, reconstruction or restoration, and (z) submittal by Tenant of a written requisition and substantiation therefor on AIA Forms G702 and G703 (or on such other form or forms as may be reasonably acceptable to Landlord). Tenant shall obtain, and make available to Landlord, receipted bills and, upon completion of said work, full and final waivers of lien by the general contractor and subcontractors whose contracts exceed $50,000.00 (a "Material Subcontractor"). In the event of a casualty resulting in a loss payment for the Leased Property in an amount equal to or less than $100,000, in the absence of an Event of Default, the proceeds shall be paid to Tenant, and shall be applied towards repair, reconstruction and restoration. With respect to all casualty losses referenced herein, all salvage resulting from any risk covered by insurance shall belong to Tenant, provided any rights to the same have been waived by the insurer, and so long as an Event of Default by Tenant is not ongoing and continuing, all proceeds of insurance in excess of those required for repair, reconstruction or restoration shall be disbursed to Tenant upon completion of such restoration. In addition, notwithstanding anything in this Lease to the contrary, Tenant shall be strictly liable and solely responsible for the amount of any deductible.

10.3 No Abatement of Rent. Unless terminated in accordance with the provisions of Section 10.1 above, this Lease shall remain in full force and effect and Tenant's obligation to make all payments of Rent and to pay all Additional Charges as and when required under this Lease shall remain unabated during the Term notwithstanding any casualty to the Leased Property. The provisions of this Article 10 shall be considered an express agreement governing any event of casualty involving the Leased Property and, to the maximum extent permitted by law, Tenant hereby waives the application of any local or state statute, law, rule, regulation or ordinance in effect during the Term which provides for such abatement.

10.4 Business Interruption Insurance. All insurance proceeds payable by reason of any loss of or damage to any of Tenant's Personal Property and/or Manager's Personal Property, and the business interruption insurance maintained for the benefit of Tenant, shall be paid to Tenant.

10.5 Restoration of Tenant's Property. If Tenant is required to restore the Leased Property as hereinabove provided, Tenant shall either (i) restore all alterations and improvements made by Tenant and Tenant's Personal Property, or (ii) replace such alterations and improvements and Tenant's Personal Property with improvements or items of the same or better quality and utility in the operation of the Leased Property.

10.6 Waiver. Tenant hereby waives to the maximum extent permitted by law, any statutory or common law rights of termination which may arise by reason of any damage or destruction of the Leased Property and agrees that its rights shall be limited to those set forth in Section 10.1.

10.7 Rights of Mortgagee. Notwithstanding any provision herein to the contrary, so long as a Facility Mortgage is in existence, all insurance proceeds with respect to the Leased Property to be paid and disbursed to Landlord pursuant to the terms of this Lease shall be paid and disbursed in accordance with the loan documents executed in connection with such Facility Mortgage, provided that such Mortgagee agrees in writing with Landlord and Tenant to disburse such proceeds in accordance with this Lease.

ARTICLE 11

CONDEMNATION

11.1 Total Condemnation, Etc. If the whole of the Leased Property shall be taken or Condemned for any public or quasi public use or purpose, by right of eminent domain or by purchase in lieu thereof, or if a substantial portion of the Leased Property shall be so taken or condemned such that the portion or portions remaining is or are not sufficient and suitable for the continued operation thereof as required herein, so as to effectively render the Leased Property Unsuitable for its Permitted Use, then this Lease and the Term hereby granted shall cease and terminate (without prejudice to Landlord's and Tenant's respective rights to an award under Section 11.3 below) as of the date on which the Condemnor takes possession and all Rent shall be paid by Tenant to Landlord up to that date or refunded by Landlord to Tenant if Rent has previously been paid by Tenant beyond that date.

11.2 Partial Condemnation. If a portion of the Leased Property shall be subject to any Condemnation, and the portion or portions remaining can be adapted and used for the full operation and use of the Leased Property for the conduct of the Business in the same capacity, quality and quantity that existed prior to such Condemnation, then Tenant shall, utilizing Condemnation proceeds paid to Landlord from the Condemnor, restore in commercially reasonable fashion the remaining portion or portions thereof to a condition comparable to their condition at the time of such Condemnation, less the portion or portions lost by the taking, and this Lease shall continue in full force and effect with no reduction or abatement of Rent.

11.3 Disbursement of Award. The entire Condemnation award for the Leased Property or the portion or portions thereof so taken shall be apportioned between Landlord and Tenant as follows: (a) if this Lease terminates due to a Condemnation, Landlord shall be entitled to the

entire award, for application to the Facility Mortgage; provided, however, that any portion of the award expressly made for the taking of Tenant's leasehold interest in the Leased Property, loss of business during the remainder of the Term, and the taking of Tenant's Personal Property shall be the sole property of and payable to Tenant, and (b) if this Lease does not terminate due to such Condemnation, Tenant shall be entitled to the award to the extent required for restoration of the Leased Property to the condition and capacity that existed immediately prior to the Condemnation, and Landlord shall be entitled to the balance of the award not applied to restoration. In any Condemnation proceedings, Landlord and Tenant shall each seek its own award in conformity herewith, at its own expense. If this Lease does not terminate due to a Condemnation, Tenant shall, with commercially reasonable due diligence, restore the remaining portion or portions of the Leased Property in the manner hereinabove provided. In such event, the proceeds of the award to be applied to restoration shall be deposited with a bank or financial institution designated by Landlord, with the approval of Mortgagee, as if such award were insurance proceeds, and the amount so deposited will thereafter be treated in the same manner as insurance proceeds are to be treated under Section 10.2 of this Lease until the restoration has been completed and Tenant has been reimbursed for all the costs and expenses thereof. If the award is insufficient to pay for the restoration, Landlord shall be responsible for the remaining cost and expense of such restoration. All proceeds in excess of those required for restoration shall be disbursed to Landlord upon completion of such restoration.

11.4 No Abatement of Rent. This Lease shall remain in full force and effect and Tenant's obligation to make all payments of Rent and to pay all other charges as and when required under this Lease shall remain unabated during the Term notwithstanding any Condemnation involving the Leased Property.

The provisions of this Article 11 shall be considered an express agreement governing any Condemnation involving the Leased Property and, to the maximum extent permitted by Applicable Laws, no local or State statute, law, rule, regulation or ordinance in effect during the Term which provides for such abatement shall have any application in such case.

ARTICLE 12

DEFAULTS AND REMEDIES

12.1 Tenant Events of Default. Each of the following events shall be an Event of Default hereunder by Tenant and shall constitute a breach of this Lease:

(a) If Tenant shall fail to pay Minimum Rent due hereunder (i) within thirty (30) days after such amounts have become due and payable, or (ii) within sixty (60) days after such amounts have become due and payable if Tenant has not yet received reimbursement from applicable governmental authorities for the applicable month, provided Tenant is using diligent efforts to obtain prompt reimbursement from such governmental authorities for such applicable month;

(b) If Tenant shall fail to (i) pay, when due, any Additional Charge due hereunder; or (ii) fully fund and maintain the Reserve and fund all Reserve Expenditures as required by Section 3.3 of the Omnibus Agreement, and such failure in each such event shall continue for a period of five (5) days after notice to Tenant that such amounts have become due and payable.

(c) If any assignment, transfer or sublease of or concerning any of the Leased Property, specifically excluding the P&E, shall be made or deemed to be made that is in violation of the provisions of this Lease.

(d) If any lien or encumbrance of the Leased Property or if any assignment, transfer, sublease, lien or encumbrance of the P&E shall be made or deemed to be made that is in violation of the provisions of this Lease and such violation or failure shall continue for a period of thirty (30) days after written notice thereof from Landlord.

(e) Other than as a result of a casualty, condemnation, Force Majeure Event or a Permitted Renovation and accompanying restoration, or if not otherwise permitted by Landlord or if not the result of Applicable Laws or during an Emergency or other Force Majeure Event, (i) if Tenant shall cease the actual and continuous operation of the Business contemplated by this Lease to be conducted by Tenant upon the Leased Property, (ii) if Tenant shall vacate, desert or abandon the Leased Property (iii) if the Leased Property shall become empty and unoccupied or (iv) if any of the Leased Property or Leased Improvements are used or are permitted to be used for any purpose, or for the conduct of any activity other than the Permitted Use.

(f) If, at any time during the Term, Tenant shall file in any court, pursuant to any statute of either the United States or of any State, a petition in bankruptcy or insolvency, or for reorganization or arrangement, or for the appointment of a receiver or trustee of all or any portion of Tenant's property, including, without limitation, the leasehold interest in the Leased Property, or if Tenant shall make an assignment for the benefit of its creditors or petitions for or enters into an arrangement with its creditors.

(g) If, at any time during the Term, there shall be filed against Tenant in any court pursuant to any statute of the United States or of any State, a petition in bankruptcy or insolvency, or for reorganization, or for the appointment of a receiver or trustee of all or a portion of Tenant's property, including, without limitation, the leasehold interest in the Leased Property, and any such proceeding against Tenant shall not be dismissed within ninety (90) days following the commencement thereof.

(h) If Tenant's leasehold interest in the Leased Property or any property therein (including, without limitation, any material portion of Tenant's Personal Property) shall be seized under any levy, execution, attachment or other process of court where the same shall not be vacated or stayed on appeal or otherwise within ninety (90) days thereafter, or if Tenant's leasehold interest in the Leased Property is sold by judicial sale and such sale is not vacated, set aside or stayed on appeal or otherwise within ninety (90) days thereafter.

(i) If any of the Permits material to the operation of the Business or the use of the Land for its Permitted Use are at any time suspended (unless such suspension is caused by any action, inaction or omission of Landlord) and the suspension is not stayed pending appeal within thirty (30) days of the date of the notice of the suspension of any Permits material to the operation of the Business or the use of the Land for its Permitted Use, or voluntarily terminated without the prior written consent of Landlord, which consent may be withheld in Landlord's sole opinion and discretion; provided, however, that the suspension, termination or revocation of any Permit, including but not limited to

the Permits set forth on Schedule 12.1(i), that results or may result in a moratorium on the admission of new residents to the Facility or the inability of the Facility to operate as currently operated, or receive TennCare/Medicaid funds as currently received, shall constitute an immediate Event of Default, and Tenant shall have no opportunity to cure the same.

(j) If any governmental agency or regulatory authority places a ban on admissions to the Facility and such ban is not lifted and admissions again permitted within one hundred twenty (120) calendar days.

(k) If Tenant fails to give notice to Landlord not later than ten (10) Business Days after Tenant's receipt of any fine notice from any Government Agency relating to a violation of Applicable Law at the Land or relating to the Business, which violation, if not cured, is in excess of twenty thousand and no/100 dollars ($20,000.00) or could cause a cessation of operations of the Business or a substantial portion thereof.

(l) If Tenant fails during the Term to cure or abate any violation of Applicable Law occurring during the Term that is claimed in writing and delivered to Tenant by any Governmental Agency of any law, order, ordinance, rule, regulation or Applicable Laws pertaining to the operation of the Business or the use of the Land for its Permitted Use, and within the later of (i) the time permitted in writing by such authority for such cure or abatement, or (ii) thirty (30) days after written notice thereof from Landlord.

(m) If one or more of the Management Agreements is terminated and Tenant fails to provide a replacement acceptable to Landlord and Mortgagee within sixty (60) days of the date of such termination.

(n) If Tenant violates or fails to comply with or perform any other term, provision, covenant, agreement or condition to be performed or observed by Tenant under this Lease which is not otherwise identified in this Section 12.1, and such violation or failure shall continue for a period of thirty (30) days after receipt of written notice thereof from Landlord; provided, however, if such violation or failure is incapable of cure by Tenant within such thirty (30) days after Tenant's diligent and continuous efforts to cure the same, it shall not constitute an Event of Default provided Tenant commences the cure within thirty (30) days and diligently thereafter completes the cure of same within a commercially reasonable period of time after such written notice, notice, and further provided that there shall be no cure period for Tenant's breach of a financial covenant under Section 16.8.

(o) If, without the consent of Landlord,Tenant encumbers the Leased Property or its interests under this Lease with leasehold financing in violation hereof.

(p) If an Event of Default occurs under any of the other 2018 Leases or the Omnibus Agreement.

12.2 Landlord Remedies Upon An Event of Default by Tenant. If any of the Events of Default hereinabove specified shall occur, Landlord, at any time thereafter, shall have and may exercise any of the following rights and remedies:

(a) Landlord may, pursuant to written notice thereof to Tenant, immediately terminate this Lease and, peaceably or pursuant to appropriate legal proceedings, reenter, retake and resume possession of the Leased Property for Landlord's own account without liability for trespass (Tenant hereby waiving any right to notice or hearing prior to such taking of possession by Landlord) and, for Tenant's breach of and default under this Lease, recover immediately from Tenant any and all sums and damages due or in existence at the time of such termination, including, without limitation, (i) all Rent and other sums, charges, payments, costs and expenses agreed and/or required to be paid by Tenant to Landlord hereunder prior to such termination, (ii) all reasonable and actual costs and expenses of Landlord in connection with the recovery of possession of the Leased Property, including reasonable attorney's fees and court costs, and (iii) all reasonable costs and expenses of Landlord in connection with any reletting or attempted reletting of the Leased Property or any part or parts thereof, including, without limitation, brokerage fees, advertising costs, reasonable attorney's fees and the actual cost of any alterations or repairs or tenant improvements which may be reasonably required to so relet the Leased Property, or any part or parts thereof.

(b) Landlord may, pursuant to any prior notice required by law, and without terminating this Lease, peaceably or pursuant to appropriate legal proceedings, reenter, retake and resume possession of the Leased Property for the account of Tenant, make such alterations of and repairs and improvements to the Leased Property as may be reasonably necessary in order to relet the same or any part or parts thereof and, directly or through a qualified management or operating company which may include an Affiliate of Landlord, operate the Leased Property, and relet or attempt to relet the Leased Property or any part or parts thereof for such term or terms (which may be for a term or terms extending beyond the Term), at such rents and upon such other terms and provisions as Landlord, in its reasonable discretion, may deem advisable. If Landlord takes possession and control of the Leased Property and operates the same, Tenant shall, for so long as Landlord is actively operating the Leased Property, have no obligation to operate the Leased Property but agrees that Landlord, any contract manager or operator, or any new tenant or sublessee may, to the extent permitted by Applicable Laws, operate the Business under Tenant's Permits, including, unless prohibited by Applicable Laws, its liquor license, if any, until same are issued in the name of Landlord or the new manager/operator or tenant or sublessee, as applicable. In addition, Tenant will reasonably cooperate with Landlord in transferring, to the extent transferable, any of Tenant's Permits which Landlord determines would be necessary or appropriate to continue to operate the Leased Property for its Permitted Use. If Landlord relets or attempts to relet the Leased Property, or obtains a contract manager or operator for the Leased Property, Landlord shall, in its reasonable discretion, determine the terms and provisions of any new lease, sublease, operating agreement, and whether or not a particular proposed manager or operator, or new tenant or sublessee, is acceptable to Landlord. Upon any such reletting, or the operation of the Leased Property by a contract manager or operator, all rents or incomes received by Landlord from such reletting or otherwise from the operation of the Leased Property shall be applied, (i) first, to the payment of all costs and expenses of recovering possession of the Leased Property, (ii) second, to the payment of any actual and reasonable costs and expenses of such reletting and or operation, including brokerage fees, advertising costs, reasonable attorney's fees, a reasonable management fee (if considered necessary by good business practices), and the

actual cost of any alterations and repairs reasonably required for such reletting or operation of the Leased Property, (iii) third, to the payment of any indebtedness, other than Rent, due hereunder from Tenant to Landlord, (iv) fourth, to the payment of all Rent and other sums due and unpaid hereunder, and (v) fifth, the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable hereunder. If the rents received from such reletting or net income from the operation of the Leased Property during any period shall be less than the Rents and Additional Charges required to be paid during that period by Tenant hereunder, Tenant shall pay any such deficiency to Landlord within thirty (30) days after written notice of same from Landlord and failing the payment thereof by Tenant to Landlord, Landlord shall immediately be entitled to institute legal proceedings for the recovery and collection of the same. Such deficiency shall be calculated and paid at the time each payment of Minimum Rent or any other sum shall otherwise become due under this Lease, or, at the option of Landlord, at the end of the Term. Landlord shall, in addition, be immediately entitled to sue for and otherwise recover from Tenant any other damages occasioned by or resulting from any abandonment of the Leased Property or other breach of or default under this Lease other than a default in the payment of Rent. No such reentry, retaking or resumption of possession of the Leased Property by Landlord for the account of Tenant shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention shall be given to Tenant or unless the termination of this Lease be decreed by a court of competent jurisdiction. Notwithstanding any such reentry and reletting or attempted reletting of the Leased Property or any part or parts thereof for the account of Tenant without termination, Landlord may at any time thereafter, upon written notice to Tenant, elect to terminate this Lease or pursue any other remedy available to Landlord for Tenant's previous breach of or default under this Lease.

(c) Landlord may, without reentering, retaking or resuming possession of the Leased Property, sue for all Rent and all other actually due and owing sums, charges, payments, costs and expenses due from Tenant to Landlord pursuant to the terms of this Lease (discounted to present value) either: (i) as they become due under this Lease, taking into account that Tenant's right and option to pay the Rent hereunder on a monthly basis in any particular Fiscal Year is conditioned upon the absence of an Event of Default on Tenant's part in the performance of its obligations under this Lease, or (ii) at Landlord's option, accelerate the maturity and due date of the whole or any part of the Rent for the entire then remaining unexpired balance of the Term, as well as all other actually due and owing sums, charges, payments, costs and expenses required to be paid by Tenant to Landlord pursuant to the terms of this Lease, such that all sums due and payable under this Lease shall, following such acceleration, be treated as being and, in fact, be actually due and payable in advance as of the date of such acceleration. Landlord may then proceed to recover and collect all such unpaid Rent and other sums referenced above so sued for from Tenant by distress, levy, execution or otherwise. Regardless of which of the foregoing alternative remedies is chosen by Landlord under this subparagraph (c), Landlord shall not be required, except as may be required by Applicable Law, to exercise any other right granted to Landlord pursuant to this Lease. Notwithstanding the foregoing, following such time as Landlord may obtain possession of the Leased Property, Landlord or its successor Landlord at the time of any Lease termination, shall continue to make the Leased Property available for lease, on an "as is" basis, and shall use its reasonable efforts to relet the Leased Property or otherwise

mitigate its damages, with the proceeds of all such mitigation efforts, including all rents and proceeds from the Leased Property, being a credit against amounts due by Tenant hereunder, but, except as provided above, shall not be responsible or liable for any failure to relet any of the Leased Property, and shall have the option to turn over the net proceeds thereof to Tenant to the extent actually received by Landlord in respect of any time period for which Landlord shall have received any amount of Rent payable with respect thereto.

(d) Landlord may, in addition to any other remedies provided herein, to the extent permitted by Applicable Laws, enter upon the Leased Property or any portion thereof and take possession of (i) any and all of Tenant's Personal Property, if any, (ii) Tenant's books and records necessary to operate the Leased Property, and (iii) the Reserve, without liability for trespass or conversion (Tenant hereby waiving any right to notice or hearing prior to such taking of possession by Landlord) and sell the same by public or private sale, after giving Tenant reasonable notice of the time and place of any public or private sale, at which sale Landlord or its assigns may purchase all or any portion of Tenant's Personal Property (limited as set forth above), if any, unless otherwise prevented by law. Unless otherwise provided by law and without intending to exclude any other manner of giving Tenant reasonable notice, the requirement of reasonable notice shall be met if such notice is given at least thirty (30) days before the date of sale. The proceeds from any such disposition, less all reasonable and actual expenses incurred by Landlord in connection with the taking of possession, holding and selling of such Property (including reasonable attorneys' fees based upon actual services rendered at reasonable hourly rates) shall be credited against Rent which is due hereunder.

(e) Tenant acknowledges that one of the rights and remedies available to Landlord under Applicable Law is to apply to a court of competent jurisdiction for the appointment of a receiver to collect the rents, issues, profits and income of the Leased Property and to manage the operation of the Leased Property. Therefore, in addition to any other right or remedy of Landlord under this Lease, Landlord may petition any appropriate court for appointment of a receiver to manage the operation of the Leased Property (or any portion thereof), to collect and disburse all rents, issues, profits and income generated thereby. The receiver shall be entitled to a reasonable fee for his services as receiver. All such fees and other expenses of the receivership estate shall be payable as Additional Charges under this Lease. To the extent permitted by Applicable Law, Tenant hereby irrevocably stipulates to the appointment of a receiver under such circumstances and for such purposes and agrees not to contest such appointment.

Subject to the terms set forth herein and below, in addition to the remedies hereinabove specified and enumerated, Landlord shall have and may exercise the right to invoke any other remedies allowed at law or in equity as if the remedies of reentry, unlawful detainer proceedings and other remedies were not herein provided. Accordingly, the mention in this Lease of any particular remedy shall not preclude Landlord from having or exercising any other remedy at law or in equity. Nothing herein contained shall be construed as precluding Landlord from having or exercising such lawful remedies as may be and become necessary in order to preserve Landlord's right or the interest of Landlord in the Leased Property and in this Lease, even before the expiration of any notice periods provided for in this Lease, if under the particular circumstances then existing the allowance of such notice periods will prejudice or will endanger the rights and

estate of Landlord in this Lease and in the Leased Property. In addition, any provision of this Lease to the contrary notwithstanding, no provision of this Lease shall delay or otherwise limit Landlord's right to seek injunctive relief or Tenant's obligation to comply with any such injunctive relief. **ANYTHING HEREIN CONTAINED AND ANYTHING AT LAW OR IN EQUITY TO THE CONTRARY NOTWITHSTANDING, LANDLORD HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES, IN ANY ACTION OR PROCEEDING AGAINST TENANT ARISING UNDER OR WITH RESPECT TO THIS LEASE, ANY RIGHT, POWER OR PRIVILEGE LANDLORD MAY HAVE TO CLAIM OR RECEIVE ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR OTHER SPECIAL DAMAGES (OTHER THAN ITS RIGHT TO PROFITS REPRESENTED BY LANDLORD'S RECEIPT OF ALL COMPONENTS OF RENT (AS DEFINED IN ARTICLE 3) DUE AND OWING UNDER THIS LEASE INCLUDING ANY RIGHTS OF LANDLORD TO ACCELERATE SUCH RENT UPON AN EVENT OF DEFAULT OF TENANT AS PROVIDED HEREIN), AND LANDLORD ACKNOWLEDGES AND AGREES THAT THE REMEDIES HEREIN PROVIDED WILL IN ALL CIRCUMSTANCES BE ADEQUATE.** Landlord and Tenant acknowledge and agree that, to the extent that any Applicable Laws conflict with the provisions of this Section 12.2 and the applicability of such Applicable Laws may be waived by Landlord, Landlord hereby agrees to waive the applicability of any and all such Applicable Laws.

12.3 Landlord Event of Default; Tenant Remedies. It shall be an Event of Default by Landlord hereunder and a breach of this Lease if Landlord shall fail to perform any obligation of Landlord expressly contemplated in this Lease, and such failure shall continue for a period of thirty (30) days after written Notice thereof from Tenant; if such violation or failure is incapable of cure by Landlord within such thirty (30) days after Landlord's diligent and continuous efforts to cure the same, it shall not constitute an Event of Default provided Landlord commences the cure within thirty (30) days and diligently thereafter completes the cure of same within a commercially reasonable period of time after such written notice. Notwithstanding the foregoing, in the event of an Emergency, Landlord shall immediately proceed to remedy and cure a breach or default of Landlord's obligations under this Lease, or with respect to any breach or default of Landlord regarding the provisions set forth in Sections 2.8, 2.9, 2.10, 4.1.2, 6.3, 10.2 or 11.3 (the "**Specified Landlord Obligations**") if such breach or default would reasonably be anticipated to cause harm to Tenant sooner than thirty (30) days after written Notice thereof from Tenant to Landlord. In all such events, but subject to the provisions of Sections 12.8 and 17.3 hereof, Tenant shall, without limitation on any other remedy available to Tenant, have the right to pursue and exercise all rights and remedies against Landlord available to Tenant at law and in equity and, without limitation, Tenant may sooner seek such an action for specific performance against Landlord; provided, however, that Tenant may offset or abate Rent or other amounts coming due hereunder only if and to the extent expressly set forth in this Lease with respect to any particular obligation of Landlord. **ANYTHING HEREIN CONTAINED, AND ANYTHING AT LAW OR IN EQUITY, TO THE CONTRARY NOTWITHSTANDING, TENANT HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES, IN ANY ACTION OR PROCEEDING AGAINST LANDLORD ARISING UNDER OR WITH RESPECT TO THIS LEASE, ANY RIGHT, POWER OR PRIVILEGE TENANT MAY HAVE TO CLAIM OR RECEIVE ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR OTHER SPECIAL DAMAGES, AND TENANT ACKNOWLEDGES AND AGREES THAT THE REMEDIES HEREIN PROVIDED WILL IN ALL CIRCUMSTANCES BE ADEQUATE.** Landlord and Tenant acknowledge

and agree that, to the extent that any Applicable Laws conflict with the provisions of this Section 12.3 and the applicability of such Applicable Laws may be waived by Tenant or Landlord, Tenant and Landlord hereby agree to waive the applicability of any and all such Applicable Laws. It is acknowledged and agreed that Facilities Funding Group, LLC, a Delaware limited liability company, as the "Original Mortgagee," has been given authority by Landlord to enforce the Specified Landlord Obligations, and Landlord hereby evidences its consent to grant such authority.

12.4 Application of Funds. Any payments received by Landlord under any of the provisions of this Lease during the existence or continuance of any Event of Default (and any payment made to Landlord rather than Tenant due to the existence of any Event of Default) shall be applied to Tenant's current and past due obligations under this Lease in such order as Landlord may determine or as may be prescribed by the laws of the State in which the Leased Property is located.

12.5 Landlord's Right to Cure Tenant's Default. If an Event of Default shall occur and be continuing beyond any applicable cure period, Landlord may, but shall have no obligation to, perform the same for the account and at the expense of Tenant. If, at any time and by reason of such Event of Default by Tenant, Landlord is compelled to pay, or elects to pay, any sum of money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, such sum or sums, together with interest thereon at the Overdue Rate, shall be deemed an Additional Charge hereunder and shall be repaid to Landlord by Tenant promptly when billed therefor, and Landlord shall have all the same rights and remedies in respect thereof as Landlord has in respect of the rents herein reserved.

12.6 Landlord's Security Interest and Lien.

12.6.1 In addition to the security interest granted in Section 3.9 above, Landlord shall have, and Tenant hereby grants, a security interest in (a) Tenant's Personal Property, or the equity or interests of Tenant therein, located at the Leased Property (but specifically excluding the Purchase Money Note), (b) to the extent collaterally assignable, any provider agreements or similar contracts issued to or held by Tenant pursuant to which any Facility is licensed, certified, approved or eligible to receive reimbursement under any third party payor program (including but not limited to TennCare/Medicaid), and (c) Tenant's books and records related solely to and necessary to operate the Leased Property. This security interest is granted for the purpose of securing the payment of Rent, assessments, penalties and damages herein covenanted to be paid by Tenant. Tenant acknowledges and agrees that Landlord may collaterally assign such security interest to a Mortgagee, who may further collaterally assign same to its lender. Upon an Event of Default hereunder, Landlord shall have all remedies available under the Uniform Commercial Code enacted in the State, including, without limitation, the right to take possession of the above-mentioned property and dispose of it by sale in a commercially reasonable manner. Tenant hereby authorizes Landlord to file such financing statements as Landlord deems necessary and appropriate in such jurisdictions as Landlord deems necessary and appropriate for the purpose of serving notice to third parties of the security interest herein granted.

12.6.2 Landlord shall have at all times during the Term, a valid lien for all Rent and other sums of money becoming due hereunder from Tenant, upon Tenant's interest in all

goods, wares, merchandise, Inventory, furniture, fixtures, equipment, vehicles and other personal property and effects of Tenant situated in or upon the Leased Property, including Tenant's Personal Property and any interest of Tenant in P&E Replacements, and such likened property shall not be removed therefrom except in accordance with the terms of this Lease without the approval and consent of Landlord until all arrearages in Rent or other sums of money then due to Landlord hereunder shall first have been paid and discharged in full. Alternatively, the lien hereby granted may be foreclosed in the manner and form provided by law for foreclosure of security interests or in any other manner and form provided by law. The statutory lien for Rent, if any, is not hereby waived and the express contractual lien herein granted is in addition thereto and supplementary thereto. Tenant agrees to execute and deliver to Landlord from time to time during the Term such financing statements as Landlord deems necessary and appropriate in such jurisdictions as Landlord deems necessary and appropriate in order to perfect Landlord's lien provided herein or granted or created by state law.

12.6.3 Notwithstanding the foregoing provisions of this Section 12.6, in the event of any equipment replacements or renovations made by Tenant with equipment vendors or grant-making or similar agencies, Landlord shall, in its reasonable discretion, permit Tenant to provide a first-priority lien on such replacement equipment or items of renovation from such equipment vendor or grant-making or similar agency if, and only to the extent that, such lien does not constitute a lien on any portion of the Land or the Improvements other than Fixtures. To the extent that any such equipment replacements or renovations constitute Fixtures that will be subject to first-priority liens, Tenant shall use commercially reasonable efforts to attach the Fixtures to the Land or the Improvements such that the removal of such Fixtures would cause minimal damage to the Land and/or the Improvements, and Tenant shall indemnify, save, pay, insure, defend, protect, and hold harmless Landlord from and against any and all damage to the Land, the Improvements, or other Fixtures caused by the removal of such Fixtures pursuant to the enforcement of any such lien. The foregoing provisions of this Section 12.6.3 shall survive the expiration or earlier termination of this Lease. Tenant acknowledges and agrees that Landlord may collaterally assign such security interest and collateral assignment to a Mortgagee, who may further collaterally assign same to its lender.

12.7 Collateral Assignment. As additional security for Tenant's performance of its obligations hereunder, Tenant hereby collaterally assigns to Landlord, to the extent assignable, and grants a security interest in, all of Tenant's right, title and interest in Permits, Operating Contracts, and other agreements and documents held by Tenant (but expressly excluding documents and other materials (i) which are legally privileged, or (ii) which pertain to the ownership, corporate structure or corporate governance of Tenant) and necessary and used to operate the Leased Property for its Permitted Use. Such collateral assignment shall become an outright assignment and shall be effective upon the expiration or sooner termination of this Lease by Landlord as a result of an Event of Default by Tenant without the need to execute any additional instruments evidencing such assignment. Tenant agrees and acknowledges that any third party may rely upon a written statement by Landlord as to an Event of Default by Tenant and the termination of this Lease. Notwithstanding the foregoing, Tenant agrees to execute and deliver to Landlord, upon the termination of this Lease by Landlord as a result of Event of Default by Tenant, such instruments evidencing the assignment contemplated hereby as may be required by Landlord in its sole and absolute discretion. Tenant acknowledges and agrees that Landlord may collaterally assign such security interest and collateral assignment to a Mortgagee, who may further collaterally assign same to its lender.

12.8 Tenant's Right and Facility Mortgagee's Right to Cure Landlord's Default. If an Event of Default by Landlord shall occur and be continuing beyond any applicable cure period, Tenant may, but shall have no obligation to, perform the same for the account and at the expense of Landlord. If, at any time and by reason of such Event of Default by Landlord, Tenant is compelled to pay, or elects to pay, any sum of money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, such sum or sums, together with interest thereon at the Overdue Rate, shall be reimbursed by Landlord to Tenant within ten (10) days after written request therefor, and any failure of Landlord to reimburse Tenant as set forth herein shall constitute and Event of Default of Landlord hereunder. Additionally, in the event of any default by Landlord under this Lease, Landlord's Facility Mortgagee shall have the same period of time and opportunity as given to Landlord to cure said default, and, in any event, no less than sixty (60) days after Tenant's notice to such Facility Mortgagee of such default, before Tenant shall be entitled to declare a termination or cancellation of this Lease. In the event of a default by Landlord under this Lease which is not susceptible of cure by such Facility Mortgagee, Tenant will not terminate this Lease by reason of such default if such Facility Mortgagee shall, as promptly as practicable, proceed with foreclosure of any applicable Facility Mortgage or the obtaining of a deed in lieu of foreclosure, and shall diligently attempt to effect such cure at the earliest possible time. Nothing in the foregoing sentence shall alter Tenant's rights under Section 2.10.4 hereof.

ARTICLE 13

HOLDING OVER

If Tenant or any other Person or party claiming by, through or under Tenant shall remain in possession of the Leased Property or any part thereof following the expiration of the Term or earlier termination of this Lease without an agreement in writing between Landlord and Tenant with respect thereto, such Person or party remaining in possession shall be deemed to be a tenant at sufferance, and during any such holdover, the Rent payable under this Lease by such tenant at sufferance shall be equal to one hundred fifty percent (150%) of the rate or rates in effect immediately prior to the expiration of the Term or earlier termination of this Lease. In no event, however, shall such holding over be deemed or construed to be or constitute a renewal or extension of this Lease.

ARTICLE 14

LIABILITY OF LANDLORD; INDEMNIFICATION

14.1 Liability of Landlord. Landlord and its Affiliates shall not be liable to Tenant, its employees, agents, invitees, licensees, customers or clients for any damage, injury, loss, compensation or claim, including, but not limited to, claims for the interruption of or loss to Tenant's business, based on, arising out of or resulting from any cause whatsoever (other than Landlord's gross negligence or willful misconduct), including, but not limited to: (a) repairs to any portion of the Leased Property; (b) interruption in Tenant's use of the Leased Property; (c) any accident or damage resulting from the use or operation (by Landlord, Tenant or any other person or persons) of any equipment within the Leased Property, including without limitation, heating, cooling, electrical or plumbing equipment or apparatus; (d) the termination of this Lease

by reason of the Condemnation or destruction of the Leased Property in accordance with the provisions of this Lease; (e) any fire, robbery, theft, mysterious disappearance or other casualty; (f) the actions of any other person or persons, other than Landlord or an Affiliate of Landlord; (g) any leakage or seepage in or from any part or portion of the Leased Property, whether from water, rain or other precipitation that may leak into, or flow from, any part of the Leased Property, or from drains, pipes or plumbing fixtures in the Leased Improvements; (h) any condition relating to the Environment, except as otherwise provided for herein (including the provisions of Section 4.2 above); and (i) the existence of any Hazardous Substance located at, on or in the Land, except as otherwise provided for herein (including the provisions of Section 4.2 above). Any goods, property or personal effects stored or placed by Tenant or its employees in or about the Leased Property including Tenant's Personal Property and Manager's Personal Property, shall be at the sole risk of Tenant. Notwithstanding the foregoing, nothing contained in this Section 14.1 shall be deemed to limit in any manner Tenant's rights and remedies against Landlord pursuant to the provisions of Section 12.3 and Section 12.8 hereof.

14.2 Indemnification of Landlord. Tenant shall defend, indemnify, pay, save and hold Landlord harmless from and against any and all actually incurred liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of every kind or nature, including reasonable attorneys' fees and court costs, incurred by Landlord, arising directly or indirectly from: (a) any failure by Tenant to perform any of the terms, provisions, covenants or conditions of this Lease, on Tenant's part to be performed including but not limited to the payment of any fee, cost or expense which Tenant is obligated to pay and discharge hereunder; (b) any accident, injury or damage which shall happen at, in or upon the Leased Property; (c) any matter or thing growing out of the condition, occupation, maintenance, alteration, repair, use or operation by any person of the Leased Property, or any part thereof, or the operation of the Business contemplated by this Lease to be conducted thereon, thereat, therein, or therefrom arising during the Term; (d) any failure of Tenant to comply with the Legal Requirements as provided for or required under this Lease; (e) the presence of any Hazardous Substance or contamination of the Leased Property or the ground water thereof, arising during the Term, whether caused by Tenant or an Affiliate of Tenant, their employees, agents, invitees, customers, licensees or contractors; (f) any discharge of toxic or hazardous sewage or waste materials from the Leased Property into any septic facility or sanitary sewer system serving the Leased Property arising on or after the date Tenant takes possession of the Leased Property, whether by Tenant or Tenant Affiliate, their employees, agents, invitees, customers, licensees or contractors; or (g) any other act or omission of Tenant or Tenant Affiliate, or any of their employees, agents, invitees, customers, licensees or contractors. Notwithstanding anything set forth above in this Section 14.2, Tenant shall not be liable for or be obligated to defend, indemnify, pay, save and hold Landlord harmless from and against any liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs or expenses of any kind or nature, including reasonable attorneys' fees and court costs, resulting from Landlord's gross negligence or willful misconduct. Tenant's indemnity obligations under this Article and elsewhere in this Lease shall survive expiration, assignment or earlier termination of this Lease for a period of one (1) year, except for those indemnity environmental indemnity obligations pursuant to subsections (d) and (e) above, which shall survive expiration, assignment or earlier termination of this Lease for a period of three (3) years.

14.3 Notice of Claim or Suit. Tenant shall promptly notify Landlord of any claim, action, proceeding or suit instituted or threatened against Tenant or Landlord of which Tenant receives written notice (a "**Claim**"). In the event Landlord is made a party to any action for damages or other relief against which Tenant has indemnified Landlord, as aforesaid, Tenant shall at its own expense using counsel reasonably approved by Landlord, diligently defend Landlord, and pay all costs of its counsel with respect to such litigation; provided, however, that Landlord shall have the option, at its sole cost and expense, to engage its own counsel in connection with its own defense or settlement of said litigation, in which event Tenant shall cooperate with Landlord and make available to Landlord all information and data which Landlord deems reasonably necessary or desirable for such defense. In the event Landlord is required to secure its own counsel due to a conflict in the interests of Tenant and Landlord in any action for damages or other relief against which Tenant has indemnified Landlord, Tenant shall pay all of Landlord's actual and reasonable costs in such litigation. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to pay costs incurred by Landlord in engaging separate counsel to defend Landlord pursuant to this Section 14.3, unless Landlord is required to secure its own counsel as a result of a conflict of interest between Landlord and Tenant in any action for damages or other relief against which Tenant has indemnified Landlord. Tenant is required to approve a settlement agreement for any such claim or suit as requested by Landlord and which is consistent with applicable insurance company requirements, unless Tenant posts a bond or other security acceptable to Landlord for any potentially uninsured liability amounts. Notwithstanding any provision herein to the contrary, on or before the end of each Fiscal Quarter, Tenant shall provide Landlord with a status report with respect to all Claims, which status report shall include a summary as to the status of each Claim.

14.4 Limitation on Liability of Landlord. In the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against Landlord's interest in the Leased Property, including all profits, rents and insurance proceeds derived therefrom. (but subject to the rights of any Mortgagee with respect thereto). In no event shall any partner, member, officer, director, stockholder or shareholder of Landlord or any partner thereof or Affiliate or Subsidiary thereof, be personally liable for the obligations of Landlord hereunder.

14.5 Indemnification of Tenant. Subject to the exculpatory provisions of Section 14.1 and the limitations on Landlord's liability set forth in Section 14.4, above, Landlord shall defend, indemnify, pay, save and hold Landlord harmless from and against any and all actually incurred liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of every kind or nature, including reasonable attorneys' fees and court costs, incurred by Landlord, arising directly or indirectly from: (a) any failure by Landlord to perform any of the terms, provisions, covenants or conditions of this Lease, on Landlord's part to be performed including but not limited to the payment of any fee, cost or expense which Landlord is obligated to pay and discharge hereunder or (b) any other act or omission of Landlord or Landlord Affiliate, or any of their employees, agents, or contractors. Notwithstanding anything set forth above in this Section 14.5, Landlord shall not be liable for or be obligated to defend, indemnify, pay, save and hold Landlord harmless from and against any liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs or expenses of any kind or nature, including reasonable attorneys' fees and court costs, resulting from Tenant's gross negligence or willful misconduct. Landlord's indemnity

obligations under this Article and elsewhere in this Lease shall survive expiration, assignment or earlier termination of this Lease for a period of one (1) year.

ARTICLE 15

SUBLETTING AND ASSIGNMENT

15.1 Transfers Prohibited Without Consent. Tenant shall not without the prior written consent of Landlord in each instance, which consent may be withheld by Landlord in its sole and absolute discretion, sell, assign, sublease, license, concession or otherwise transfer this Lease, or Tenant's interest in the Leased Property together with all interests of Tenant in all property of any nature located and used at the Leased Property (including without limitation Tenant's Personal Property), in whole or in part, or any rights or interest which Tenant may have under this Lease, or sublet, license or concession any part of the Leased Property, or grant or permit any Lien or encumbrance on or security interest in Tenant's interest in this Lease, except as set forth in this Article 15. Furthermore, Tenant shall be deemed to have assigned this Lease in violation of this Section 15.1 if, and to the extent that, there is a change in the status of the Tenant from a not-for-profit corporation to a for-profit entity, or if there is a change in more than fifty percent (50%) of the members of the board of directors of Tenant in any one calendar year, other than due to the death, disability or illness of any of the members of the board of directors, without the prior written consent of Landlord, which shall not be unreasonably withheld. Any sale, assignment, sublease, license, concession, or transfer of this Lease without the prior written consent of Landlord shall be voidable at Landlord's option.

15.2 Adequate Assurances. Without limiting any of the foregoing provisions of this Article, if, pursuant to the U.S. Bankruptcy Code, as the same may be amended from time to time, Tenant is permitted to assign or otherwise transfer its rights and obligations under this Lease in disregard of the restrictions contained in this Article, the assignee shall be deemed to agree to provide adequate assurance to Landlord (a) of the continued use of the Leased Property solely in accordance with the Permitted Use thereof, (b) of the continuous operation of the business on the Leased Property in strict accordance with the requirements of Article 4 hereof, and (c) of such other matters as Landlord may reasonably require at the time of such assumption or assignment. Without limiting the generality of the foregoing, adequate assurance shall include, without limitation, the requirement that any such assignee shall have a net worth (exclusive of good will) of not less than the aggregate of the Rent due and payable for the previous Accounting Period. Such assignee shall expressly assume this Lease by an agreement in recordable form, an original counterpart of which shall be delivered to Landlord prior to an assignment of this Lease. Any approval of such successor Tenant shall not affect or alter Landlord's approval rights of each manager of the Leased Property or successor Tenants.

15.3 Landlord Transfers. Except for any transfer discussed by Section 2.9.4 herein, or any transfer to the lender holding the Facility Mortgage, Landlord may not sell, assign, convey or otherwise transfer any of its interest in this Lease or the Leased Property, or any portion thereof, or any interest therein, directly or indirectly, to any Person, without the consent of Tenant. The foregoing restriction shall be of no further force or effect from and after a foreclosure or other transfer or realization in lieu of foreclosure.

ARTICLE 16

ESTOPPEL CERTIFICATES

16.1 Estoppel Certificates. Tenant and Landlord shall from time to time, within fifteen (15) days after receipt of a written request therefor and without charge, give an Estoppel Certificate in the form (or substantially the form) of **Exhibit C** attached hereto and containing such other matters as may be reasonably requested to any Person specified by such requesting party.

ARTICLE 17

FACILITY MORTGAGES

17.1 Subordination. This Lease, Tenant's interest hereunder and Tenant's leasehold interest in and to the Leased Property are hereby agreed by Tenant to be and are hereby made junior, inferior, subordinate and subject in right, title, interest, lien, encumbrance, priority and all other respects to any mortgage or mortgages and security interests now or hereafter in force and effect upon or encumbering Landlord's interest in the Leased Property, or any portion thereof, and to all collateral assignments by Landlord to any third party or parties of any of Landlord's rights under this Lease or the rents, issues and profits thereof or therefrom as security for any liability or indebtedness, direct, indirect or contingent, of Landlord to such third party or parties, and to all future modifications, extensions, renewals, consolidations and replacements of, and all amendments and supplements to any such mortgage, mortgages or assignments, and upon recording of any such mortgage, mortgages or assignments, the same shall be deemed to be prior in dignity, lien and encumbrance to this Lease, Tenant's interest hereunder and Tenant's leasehold interest in and to the Leased Property irrespective of the dates of execution, delivery or recordation of any such mortgage, mortgages or assignments (such mortgages, mortgages, security interests, assignments, modifications, extensions, renewals, amendments, supplements and replacements being a "**Facility Mortgage**"). Tenant shall reasonably cooperate with Landlord and any Mortgagee or potential Mortgagee in connection with a Facility Mortgage (the "**Facility Mortgagee**"), including, but not limited to, consenting to non-material and reasonable amendments to this Lease as may be requested by such Mortgagee, provided that such amendments do not alter the economic terms of this Lease or the use and operation of any of the Leased Property or increase Tenant's obligations or decrease its rights hereunder. Tenant acknowledges and agrees that the Facility Mortgagee may, from time to time, obtain financing secured, inter alia, by the Facility Mortgage and other loan documents between the Facility Mortgagee and Landlord and, in connection therewith, may collaterally assign the Facility Mortgage and such other loan documents to its own lender. For clarification purposes, the term "**Facility Mortgage**" as used in this Lease shall include any such collateral assignment, and the terms "**Facility Mortgagee**" and "**Mortgagee**" shall each be deemed to include the holder of such a collateral assignment from time to time. If any provision of this Lease Agreement requires the consent or approval of any Facility Mortgagee, such provision shall automatically be deemed to also require the consent or approval of such collateral assignee, if any. Any and all costs, fees and expenses incurred by Landlord in connection with any Facility Mortgage shall not be included as part of Landlord's Additional Investment. The foregoing subordination provisions of this Section shall be effective upon the delivery to Tenant of Facility Mortgagee's agreement in writing that such Facility Mortgagee recognizes the existence of this Lease and

acknowledges and evidences Mortgagee's agreement that, so long as no Event of Default by Tenant has occurred and is continuing under this Lease (after the expiration of the applicable notice and curative periods contained herein), (i) Mortgagee, its successors and assigns (or any other purchaser at any foreclosure sale pursuant to the Facility Mortgage or any other security instrument in connection therewith) shall not disturb Tenant's right of possession to the Leased Property and all other rights of Tenant hereunder, including Tenant's rights set forth in Sections 2.9 and 2.10 hereof, in the event that Mortgagee, its successors and assigns (or any other purchaser at any foreclosure sale pursuant to the Facility Mortgage or any other security instrument in connection therewith) acquires title to all or any part of the Leased Property pursuant to the exercise of any remedy provided for in the Facility Mortgage or any other related security instrument or acceptance of title to the Leased Property in lieu of any such foreclosure and (ii) Tenant shall not be named as a party defendant to any action to foreclose the liens and security interests of the Facility Mortgage or any other related security instrument, except to the extent required by Applicable Law. Tenant acknowledges and agrees that notwithstanding the foregoing automatic subordination, if Landlord or Mortgagee shall request that Tenant execute and deliver any further instrument or agreement of subordination of this Lease or Tenant's interest hereunder or Tenant's leasehold interest in the Leased Property to any such Facility Mortgage, in confirmation or furtherance of or in addition to the foregoing subordination provisions of this Section, Tenant shall promptly execute and deliver the same to the requesting party so long as the same is reasonably acceptable to Tenant, is consistent with the terms and provisions of this Lease and does not increase Tenant's obligations or decrease its rights hereunder.

As of the Certification Date the Leased Premises will be, in conjunction with the Leased Properties which are subject to the 2018 Leases, as described in all of the Lease Agreements for the 2018 Leases, subject to the Facility Mortgage. During the term of this Lease Agreement, Landlord shall not increase the total principal amount of the combined Facility Mortgages for the Leased Properties which are subject to the 2018 Leases, without the prior written consent of Tenant, which consent shall not be unreasonably withheld.

Tenant acknowledges and agrees that, if Landlord or Mortgagee shall request that Tenant execute and deliver any further instrument or agreement of subordination and non-disturbance of this Lease and all provisions contained herein, or Tenant's interest hereunder or Tenant's leasehold interest in the Leased Property to any such Facility Mortgage, in confirmation or furtherance of or in addition to the foregoing subordination provisions of this Section, Tenant shall promptly execute and deliver the same to the requesting party so long as the same is reasonably acceptable to Tenant, includes the non-disturbance language as set forth herein, is consistent with the terms and provisions of this Lease and does not materially increase Tenant's obligations or decrease its rights hereunder. Tenant agrees that it will, from time to time, execute such documentation as may be reasonably requested by Landlord and any Mortgagee (a) to assist Landlord and such Mortgagee in establishing or perfecting any security interest in Landlord's interest in the Reserve and any funds therein; and (b) to facilitate or allow Landlord to encumber the Leased Property or any portion thereof as herein contemplated. If, within thirty (30) calendar days following Tenant's receipt of a written request by Landlord, Tenant shall fail or refuse or shall have not executed any such further instrument or agreement of subordination, which satisfies the criteria set forth in this Section 17.1, Tenant shall be in breach and default of its obligation to do so and of this Lease and Landlord shall be entitled thereupon to exercise any and all remedies available to Landlord pursuant to this Lease. To the extent Tenant is required to

incur any additional out of pocket costs, fees and expenses in connection with the review and negotiation of any agreements or confirmations required from Tenant under the terms of this Section 17.1, or incur additional reporting requirements, Landlord shall promptly reimburse Tenant for all such reasonable costs, fees and expenses (except for *de minimis* expenses, which shall be the responsibility of Tenant).

Landlord represents to Tenant (a) that Landlord has not pledged or granted, and covenants that Landlord will not, without the express written consent of Tenant, create, incur, assume or permit to exist, any pledge, lien, security interest, assignment or encumbrance on any of the Lease Property to any Person other than liens in favor of the Original Mortgagee, as collaterally assigned, as of the date of this Lease, and any other liens expressly permitted pursuant to this Lease, and (b) that Landlord owns and will continue to own the Leased Property free and clear of any pledge, lien, security interest, assignment or encumbrance of any kind whatsoever other than liens in favor of Original Mortgagee and its collateral assignees as of the date of this Lease and any amendments thereto (subject to any principal limitation set forth in this Section 17.1, above), and any other liens expressly permitted pursuant to this Lease. Further, Landlord shall not execute or deliver in favor of another party an agreement similar to the provisions of this Section 17.1, wherein Landlord agrees not to create, incur, assume or permit to exist any pledge, lien, security interest, assignment or encumbrance of any kind on any of the Leased Property.

Tenant represents to Landlord (a) that Tenant has not pledged or granted, and covenants that Tenant will not, without the express written consent of Landlord, create, incur, assume or permit to exist, any pledge, lien, security interest, assignment or encumbrance on any of the Tenant's leasehold interest in the Lease Property to any Person other than liens in favor of the Landlord, and any other liens expressly permitted pursuant to this Lease, and (b) that Tenant owns and will continue to own Tenant's leasehold interest in the Leased Property free and clear of any pledge, lien, security interest, assignment or encumbrance of any kind whatsoever other than liens in favor of Landlord, and any other liens expressly permitted pursuant to this Lease. Further, Tenant shall not execute or deliver in favor of another party an agreement similar to the provisions of this Section 17.1, wherein Tenant agrees not to create, incur, assume or permit to exist any pledge, lien, security interest, assignment or encumbrance of any kind on any of Tenant's leasehold interest in the Leased Property.

17.2 Attornment. Tenant shall and hereby agrees to attorn, and be bound under all of the terms, provisions, covenants and conditions of this Lease, to any successor of the interest of Landlord under this Lease for the balance of the Term remaining at the time of the succession of such interest to such successor so long as such successor agrees to be bound by all terms and obligations of "landlord" under this Lease and agrees in a writing delivered to Tenant to honor all of Tenant's rights set forth in this Lease arising from and after the date of such attornment. In particular, in the event that any proceedings are brought for the foreclosure of any Facility Mortgage, Tenant shall attorn to the purchaser at any such foreclosure sale and recognize such purchaser as Landlord under this Lease but only so long as such purchaser agrees in a writing delivered to Tenant to be bound by all of the terms of this Lease and to honor all rights of Tenant's set forth herein. Tenant agrees that neither the purchaser at any such foreclosure sale nor the foreclosing Mortgagee or holder of any such Facility Mortgage shall have any liability for any act or omission of Landlord (unless a breach or default of any terms or provisions of this

Lease are ongoing at the time of such purchase and such Mortgagee had been given written notice thereof in accordance with the provisions of this Lease), be subject to any offsets or defenses which Tenant may have as claims against Landlord, or be bound by any advance rents which may have been paid by Tenant to Landlord for more than the current period in which such rents come due.

17.3 Rights of Mortgagees and Assignees. Any Mortgagee shall have the right to unilateral enjoyment, exercise or control over the rights, remedies, powers and interests of Landlord or Tenant hereunder, or otherwise arising under Applicable Law, as assigned or granted to such Mortgagee by Landlord or Tent, or as provided in any Facility Mortgage. At the time of giving any notice of default to Landlord by Tenant, or to Tenant by Landlord, the party giving such notice shall mail or deliver to any Mortgagee of whom such party has notice and contact information, a copy of any such notice. In the event that the Mortgagee elects to cure any such default, then Tenant or Landlord, as applicable, shall accept such performance on the part of such Mortgagee as though the same had been performed by Landlord to Tenant, as applicable, and for such purpose Tenant and Landlord hereby authorize any Mortgagee to enter upon the Leased Property, to the extent necessary to exercise any applicable rights, powers and duties under this Lease. If, in the event of any default by Landlord or Tenant which is reasonably capable of being cured by a Mortgagee, the Mortgagee promptly commences and diligently pursues to cure the default, then Landlord or Tenant, as applicable, will not terminate this Lease or cease to perform any of its obligations under this Lease so long as the Mortgagee is, with due diligence, engaged in the curing of such default and such default is actually cured within a reasonable time thereafter. Any Facility Mortgagee shall have the same period of time and opportunity as given to Landlord to cure said default, and, in any event, no less than sixty (60) days after Tenant's notice to such Facility Mortgagee of such default, before Tenant shall be entitled to declare a termination or cancellation of this Lease. In the event of a default by Landlord under this Lease which is not susceptible of cure by such Facility Mortgagee, Tenant will not terminate this Lease by reason of such default if such Facility Mortgagee shall, as promptly as practicable, proceed with foreclosure of any applicable Facility Mortgage or the obtaining of a deed in lieu of foreclosure, and shall diligently attempt to effect such cure at the earliest possible time. Nothing in the foregoing sentence shall alter Tenant's rights under Section 2.10.4 hereof.

ARTICLE 18

ADDITIONAL COVENANTS OF TENANT

18.1 Conduct of Business. Tenant shall not engage in any business on the Leased Property other than for the Permitted Use, and any activities incidental thereto, and shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect and in good standing its corporate, limited partnership, limited liability company or other entity status and existence and its rights and Permits reasonably necessary to conduct the Business.

18.2 Intentionally Omitted

18.3 Notice to Landlord of Severe Incident and/or Significant Property Damage. In the event of a Severe Incident (defined in Section 18.3.1 below) or Significant Property Damage (defined in Section 18.3.2 below) (in each case, an "**Incident**"), Tenant shall notify Landlord within twenty-four (24) hours of learning of the occurrence of any such Incident via email. Such

email notification shall include, at a minimum, (i) the names and contact information of the parties involved in the Incident, to the extent known at that time, (ii) a brief description of the Incident, and (iii) all measures that Tenant (or any other Person(s), to the knowledge of Tenant) is currently undertaking, or plans to undertake to the extent known, to resolve the Incident and to prevent, in connection with a Severe Incident and/or Significant Property Damage, any further harm to person or damage to property as result of such Incident.

18.3.1 Severe Incident. The defined term "**Severe Incident**" shall mean any material or significant accident, incident, claim, cause of action, loss of or damage to the Leased Property, Tenant's Personal Property or any other property of third parties, or injury to or death of a person occurring on or about the Leased Property or adjoining sidewalks or rights of way under Tenant's control during the Term, including, but not limited to, the following: (i) a fatality, (ii) claim of abuse, assault or molestation, (iii) personal injury resulting in the amputation of a limb, brain injury, burns over fifty percent (50%) or more of a person's body, hearing or sight loss, internal injury resulting in impaired organ function, spinal cord injury resulting in any degree of paralysis, or substantial disfigurement, or (iv) a mass casualty event, such as a ride or other attraction incident, wildfire or building fire, earthquake, and pier collapse.

18.3.2 Significant Property Damage. The defined term "**Significant Property Damage**" shall mean any incident resulting in significant damage to the Leased Property including, but not limited to the following: fires, floods, avalanches, earthquakes, catastrophic structure failure, roof collapse, or any Force Majeure Event caused by either man or nature.

18.4 Leasehold Financing Prohibited. Tenant shall be prohibited from encumbering any or all of the Leased Property, or any or all of its interests under this Lease, with leasehold financing without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion.

18.5 Resale Certificate. Tenant acknowledges that Landlord may provide Tenant with a resale certificate issued by the department of revenue or similar government agency in the State in which the Leased Property is located (the "**Resale Certificate**"). Tenant shall not use the Resale Certificate for any purpose other than for the purchase of Leased Property, and any use of the Resale Certificate by Tenant shall comply with all Legal Requirements, Applicable Laws, and any instructions provided to Tenant by Landlord from time to time. Tenant shall be responsible for, and shall indemnify, save, insure, pay, defend, protect, and hold harmless Landlord from and against, all liabilities, obligations, claims, damages, penalties, fines, causes of action, costs, and expenses (including, without limitation, attorneys' fees), to the maximum extent permitted by law, which are imposed upon, incurred by, or asserted against Landlord by reason of Tenant's use of the Resale Certificate in violation of this Section 18.5.

ARTICLE 19

MISCELLANEOUS

19.1 Limitation on Payment of Rent. All agreements between Landlord and Tenant herein are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of Rent or otherwise, shall the Rent or any other amounts payable to Landlord under this Lease exceed the maximum permissible under Applicable Laws, the benefit of which may be asserted by Tenant as a defense, and if, from any circumstance whatsoever,

fulfillment of any provision of this Lease, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, or if from any circumstances Landlord should ever receive as fulfillment of such provision such an excessive amount, then, ipso facto, the amount which would be excessive shall be applied to the reduction of the installment(s) of Minimum Rent next due and not to the payment of such excessive amount. This provision shall control every other provision of this Lease and any other agreements between Landlord and Tenant.

19.2 No Waiver. No release, discharge or waiver of any provision hereof shall be enforceable against or binding upon Landlord or Tenant unless in writing and executed by Landlord or Tenant, as the case may be. Neither the failure of Landlord or Tenant to insist upon a strict performance of any of the terms, provisions, covenants, agreements and conditions hereof, nor the acceptance of any Rent by Landlord with knowledge of a breach of this Lease by Tenant in the performance of its obligations hereunder, or the following of any practice or custom at variance with the terms hereof, shall be deemed or constitute a waiver of any rights or remedies that Landlord or Tenant may have or a waiver of any subsequent breach or default in any of such terms, provisions, covenants, agreements and conditions or the waiver of the right to demand exact compliance with the terms hereof.

19.3 Remedies Cumulative. To the maximum extent permitted by law, except as otherwise expressly set forth in this Lease, each legal, equitable or contractual right, power and remedy of either party to this Lease, now or hereafter provided either in this Lease or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by either party of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by either party of any or all of such other rights, powers and remedies.

19.4 Severability. Any clause, sentence, paragraph, section or provision of this Lease held by a court of competent jurisdiction to be invalid, illegal or ineffective shall not impair, invalidate or nullify the remainder of this Lease, but rather the effect thereof shall be confined to the clause, sentence, paragraph, section or provision so held to be invalid, illegal or ineffective, and this Lease shall be construed as if such invalid, illegal or ineffective provisions had never been contained therein.

19.5 Acceptance of Surrender. No surrender to Landlord of this Lease or of the Leased Property or any part thereof, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Landlord and no act by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord, shall constitute an acceptance of any such surrender.

19.6 No Merger of Title. It is expressly acknowledged and agreed that it is the intent of the parties that there shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, this Lease or the leasehold estate created hereby and the fee estate or ground landlord's interest in the Leased Property.

19.7 Tenant's Representations. In addition to any other representation or warranty set forth herein and as an inducement to Landlord to enter into this Lease, Tenant hereby represents and warrants to Landlord as follows:

(a) Tenant is a nonprofit corporation which is duly organized and validly existing and in good standing under the laws of the state of its formation. Tenant has all requisite power and authority under the laws of the state of its formation and its articles of organization and bylaws or other charter documents to enter into and perform its obligations under this Lease and to consummate the transactions contemplated hereby. Tenant is duly registered or authorized, as applicable, to transact business in any jurisdiction in which the nature of the business conducted by it requires such qualification.

(b) Tenant has taken all necessary action to authorize the execution, delivery and performance of this Lease, and upon the execution and delivery of any document to be delivered by Tenant, prior to the date hereof, such document shall constitute the valid and binding obligation and agreement of Tenant, enforceable against Tenant in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors and except to the extent that the availability of equitable relief may be subject to the discretion of the court before which any proceeding may be brought.

19.8 Quiet Enjoyment. Landlord covenants and agrees that so long as no Event of Default of Tenant is ongoing, Tenant shall and may peacefully and quietly have, hold and occupy the Leased Property free of any interference from Landlord or any Person claiming by, through or under Landlord of any of its Affiliates; subject, however, and nevertheless to the terms, provisions and conditions of this Lease, the Permitted Encumbrances and documents affecting title to the Leased Property approved by Tenant.

19.9 Recordation of Memorandum of Lease. At either party's option, a short form memorandum of this Lease, in the form of **Exhibit D** attached hereto and made a part hereof, shall be recorded or filed among the Official Records. Tenant shall pay the transfer and all recording costs associated therewith. In the event of a discrepancy between the provisions of this Lease and such short form memorandum thereof, the provisions of this Lease shall prevail.

19.10 Notices. Any and all notices, demands, consents, approvals, offers, elections and other communications required or permitted under this Lease (each, a "**Notice**") shall be deemed adequately given if in writing and the same shall be delivered either in hand, by e-mail, or by mail or Federal Express or another nationally-recognized overnight carrier, addressed to the recipient of the notice, with all freight charges prepaid (if by Federal Express or similar carrier).

(a) Any notice, demand or request which shall be served upon any of the parties in the manner aforesaid shall be deemed sufficiently given (i) upon being hand delivered in person, (ii) transmitted by facsimile transmission provided a copy is sent as provided in the following clause (iii) or the following Business Day, (iii) upon being deposited with Federal Express or another nationally-recognized overnight carrier; provided, however, the time period in which any response to such notice, demand or request must be given shall commence on the date of actual delivery of the notice, demand or request to the address to which it is sent (rather than delivery to the specific addressee). Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as provided below shall be deemed

delivery of the notice, demand or request sent. The addresses given above may be changed by any party by ten (10) days prior notice to all other parties given in the manner provided herein.

(b) All such notices shall be addressed,

if to Landlord to:

if to Tenant to:

(c) By notice given as herein provided, the parties hereto and their respective successors and assigns shall have the right from time to time and at any time during the Term to change their respective addresses effective upon receipt by the other parties of such notice and each shall have the right to specify as its address any other address within the United States of America.

19.11 Construction; Nonrecourse. Anything contained in this Lease to the contrary notwithstanding, all claims against, and liabilities of, Tenant or Landlord arising prior to any date of termination or expiration of this Lease with respect to the Leased Property shall survive such termination or expiration. Each term or provision of this Lease to be performed by Tenant shall be construed as an independent covenant and condition. Time is of the essence with respect to the performance of all obligations under this Lease, including, without limitation, obligations for the payment of money. Except as otherwise set forth in this Lease, any obligations arising prior to the expiration or sooner termination of this Lease of Tenant (including without limitation, any monetary, repair and indemnification obligations) and Landlord shall survive the expiration or sooner termination of this Lease. In addition, nothing contained in this Lease shall be construed to create or impose any liabilities or obligations on, and no such liabilities or obligations shall be imposed on, any of the shareholders, beneficial owners, direct or indirect, officers, directors, trustees, employees or agents of Landlord or Tenant for the payment or performance of the obligations or liabilities of Landlord or Tenant, respectively, hereunder. The parties have participated jointly in the negotiation and drafting of this Lease. In the event an ambiguity or question of intent or interpretation arises, this Lease 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 Lease.

19.12 Counterparts; Headings. This Lease may be executed in two or more counterparts, each of which shall constitute an original, but which, when taken together, shall constitute but one instrument and shall become effective as of the date hereof when copies hereof, which, when taken together, bear the signatures of each of the parties hereto shall have been signed. Captions and headings in this Lease are for purposes of reference only and shall in no way define, limit or describe the scope or intent of, or otherwise affect, the provisions of this Lease.

19.13 Venue, Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the State in which the Leased Property is located. The venue for any dispute which is not subject to resolution pursuant to the arbitrations provisions set forth in Section 19.28 shall be the appropriate state or federal court sitting in Davidson County, Tennessee.

19.14 Right to Make Agreement. Each party warrants, with respect to itself, that neither the execution and delivery of this Lease, nor the compliance with the terms and provisions hereof, shall violate any provision of any law, or any judgment, writ, injunction, order or decree of any court or Governmental Authority; nor result in or constitute a breach or default under or the creation of any lien, charge or encumbrance upon any of its property or assets under, any indenture, mortgage, deed of trust, contract, other commitment or restriction to which it is a party or by which it is bound; nor require any consent, vote or approval which has not been given or taken, or at the time of the transaction involved shall not have been given or taken. Each party covenants that it has and will continue to have throughout the Term and any extensions thereof, the full right to enter into this Lease and perform its obligations hereunder.

19.15 Brokerage. Landlord and Tenant hereby represent and warrant to each other that they have not engaged, employed or utilized the services of any business or real estate brokers, salesmen, agents or finders in the initiation, negotiation or consummation of the business and real estate transaction reflected in this Lease. On the basis of such representation and warranty, each party shall and hereby agrees to indemnify, pay and save and hold the other party harmless from and against the payment of any commissions or fees to or claims for commissions or fees by any real estate or business broker, salesman, agent or finder resulting from or arising out of any actions taken or agreements made by them with respect to the business and real estate transaction reflected in this Lease.

19.16 No Partnership or Joint Venture. Landlord shall not, by virtue of this Lease, in any way or for any purpose, be deemed to be a partner of Tenant in the conduct of Tenant's business upon, within or from the Leased Property or otherwise, or a joint venture partner or a member of a joint enterprise with Tenant.

19.17 Entire Agreement. This Lease contains the entire agreement between the parties and, except as otherwise provided herein, can only be changed, modified, amended or terminated by an instrument in writing executed by the parties. It is mutually acknowledged and agreed by Landlord and Tenant that there are no verbal agreements, representations, warranties or other understandings affecting the same.

19.18 Costs and Attorneys' Fees. In addition to Landlord's rights under Sections 12.2 and 14.2 and Tenant's rights under Section 12.3 if either party shall bring an action to recover any sum due hereunder, or for any breach hereunder, and shall obtain a judgment or decree in its favor, the court may award to such prevailing party its reasonable costs and reasonable attorney's fees, specifically including reasonable attorney's fees incurred in connection with any appeals (whether or not taxable as such by law). Landlord shall also be entitled to recover its actual reasonable attorney's fees and costs incurred in any bankruptcy action filed by or against Tenant, including, without limitation, those incurred in seeking relief from the automatic stay, in dealing with the assumption or rejection of this Lease, in any adversary proceeding, and in the preparation and filing of any proof of claim.

19.19 Approval of Landlord. Whenever Tenant is required under this Lease to do anything to meet the satisfaction or judgment of Landlord, the reasonable satisfaction or judgment of Landlord shall be deemed sufficient. The foregoing provision of this Section shall not apply in any instance where the provisions of this Lease expressly state that the provisions of this Section do not apply or where the provisions of this Lease expressly state that such consent, approval or satisfaction are subject to the sole and absolute discretion or judgment of Landlord, and in each such instance Landlord's approval or consent may be unreasonably withheld or unreasonable satisfaction or judgment may be exercised by Landlord.

19.20 Successors and Assigns. The agreements, terms, provisions, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and, to the extent permitted herein, their respective successors and assigns.

19.21 Waiver of Jury Trial. TENANT AND LANDLORD HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, THE RIGHT EITHER OF THEM OR THEIR HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION PROCEEDINGS OR COUNTERCLAIM, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, THE RELATIONSHIP OF LANDLORD AND TENANT HEREUNDER, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO TENANT'S ENTERING INTO THIS LEASE AND LANDLORD'S ACCEPTING THIS LEASE.

19.22 Treatment of Lease. Landlord and Tenant each acknowledge and agree that: (i) this Lease is a "true lease" and not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Lease are those of a true lease; (ii) the business relationship created by this Lease and any other related documents is solely that of a long term commercial lease between Landlord and Tenant, this Lease has been entered into by both parties in reliance upon the economic and legal bargains contained herein, and none of the agreements contained herein is intended, nor shall the same be deemed or construed to create a partnership between Landlord and Tenant, to make them joint venturers, to make Tenant an agent, legal representative, partner, or subsidiary of Landlord, nor to make Landlord in any way responsible for the debts, obligations or losses of Tenant; (iii) except as required by Applicable Law, (x) each party will treat this Lease as a true lease for tax purposes and an operating lease under GAAP, and for federal income tax purposes, (y) each party shall report this Lease as a true lease with Landlord as the owner of the Leased Property and Tenant as the tenant of the Leased Property; (iv) each party will not, nor will it permit any Affiliate to, at any time, take any action or fail to take any action with respect to the preparation or filing of any statement or disclosure to any governmental authority, including, without limitation, any income tax return (or amended return), to the extent that such action or such failure to take action would be inconsistent with the intention of the parties expressed in this Section 19.22; (v) the Minimum Rent is the fair market value for the use of the Leased Property and was agreed to by Landlord and Tenant on that basis, and the execution and delivery of, and the performance by Tenant of its obligations under this Lease do not constitute a sale, transfer or conveyance of the Leased Property by Landlord to

Tenant; and (vi) each of Landlord and Tenant waives any claim or defense based upon the characterization of this Lease as anything other than a true lease, and each party stipulates and agrees that it will not challenge the validity, enforceability or characterization of this Lease as a true lease, nor will it assert or take or omit to take any action inconsistent with the agreements and understandings of this Section 19.22.

19.23 Transfer of Permits and Operating Contracts. Upon the expiration or sooner termination of this Lease, Tenant shall use commercially reasonable efforts to transfer and assign to Landlord or its designee or assist Landlord or its designee in obtaining transfer or assignment of the following items, but only as they relate to the Facility or the Business and only to the extent that they are actually able to be transferred or assigned: (a) Permits and Operating Contracts, including, without limitation, any trade names and intellectual property (except for trade names, trade secrets, proprietary matters, and other intellectual property and/or proprietary software included within the Tenant Personal Property), and (b) to the extent owned by or held in the name of Tenant, (i) governmental permits, including licenses and authorizations, required for the construction, ownership and operation of the Leased Improvements, including without limitation, certificates of authority, certificates of occupancy, building permits, signage permits, site use approvals, zoning certificates, environmental and land use permits, and any and all necessary approvals from state or local authorities and other approvals granted by any public body or by any private party pursuant to a recorded instrument relating to such Leased Improvements or the Land and (ii) development rights, telephone exchange numbers identified with the Leased Property, if any.

19.24 Confidential Information. Each Party shall treat as strictly confidential any and all information concerning the other Party and its operations including, without limitation, this Lease, information concerning the business operations, financial models and operating systems of the other Party (collectively, "**Confidential Information**"), and shall not divulge, disclose, publish or otherwise communicate any such Confidential Information to any person or entity for any reason; provided, however, Tenant shall be permitted to (i) deliver a copy of this Lease to a prospective purchaser with the consent of the Landlord, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that, with respect to any request made in connection with disclosure to a prospective acquirer of Tenant's interest in this Lease (or a Controlling interest in Tenant), it shall not be unreasonable for Landlord to withhold its consent if, in Landlord's reasonable opinion, such party lacks the character or the quality and relevant experience necessary to satisfy the obligations of Tenant hereunder, and (ii) provided further that Tenant obtain a standard non-disclosure agreement from the party to whom such information is to be disclosed (in form, and substance reasonably satisfactory to Landlord), notwithstanding the foregoing, Tenant may disclose the general economic terms of its operations (including, without limitation, the economic terms contained in this Lease Agreement) to prospective acquirers of substantially all of Tenant's assets or the interests of and/or in Tenant, lenders and investors. As used herein, the term "**Confidential Information**" shall not include information that (i) is generally available to the public other than as a result of an improper disclosure by a Party or its Affiliates or representatives, or was available to the public on a non-confidential basis prior to its disclosure by Landlord or Tenant, as applicable, or (ii) must be disclosed as a matter of law, including such public disclosure obligations as are required by any governmental authority or in response to a subpoena or other legal process. The provisions of this Section 19.24 shall survive any termination of this Lease.

19.25 Tenant's Personal Property and Manager's Personal Property. Upon the expiration or sooner termination of the Term, Landlord may, in its sole and absolute discretion, elect either (i) to give Tenant Notice that Tenant shall be required, within sixty (60) Business Days after such expiration or termination, to remove all of Tenant's Personal Property and Manager's Personal Property from the Leased Property or (ii) to give Tenant Notice that Landlord shall purchase Tenant's Personal Property and Manager's Personal Property (other than Manager's Intellectual Property) within sixty (60) Business Days after such expiration or termination. In the event that Landlord exercises its option under the foregoing clause (ii) of this Section 19.25, the purchase price for all items of Tenant's Personal Property shall be the fair market value of such Tenant's Personal Property (free of, and net of, all Liens and other encumbrances, monetary or otherwise).

19.26 No Third Party Beneficiaries. Nothing herein is intended or shall be construed to confer upon or give to any person other than Landlord and Tenant, any rights or remedies under or by reason of this Lease.

19.27 Facility Management and Future Development. Landlord specifically acknowledges and approves the engagement by Tenant of Manager to manage the Facility. However, there shall be no voluntary termination of, or change in, Manager by Tenant, without the consent of Landlord, which consent may be granted or withheld in Landlord's sole and absolute discretion. Notwithstanding any provision of this Lease to the contrary, the parties acknowledge and agree that in no event shall this Lease be construed as obligating Landlord or any of its Affiliates to pay any sums due and owing to any Manager under a Management Agreement, including without limitation any termination fee, regardless of the rights exercised by Landlord hereunder. Tenant specifically acknowledges the intended future engagement by Landlord of an affiliate of Manager to assist in the development of replacement and/or new facilities (whether as replacement for any of the Facilities or otherwise), and in the event Tenant desires to develop any replacement and/or new facilities to become a part of this Lease, or a similar lease with Landlord, in advance of commencing work on any such activities, the parties shall use their best efforts to prepare a joint memorandum of understanding as to any such particular facility, including but not limited to a development timetable and budget. The terms and provisions of this Section 19.27 shall survive the expiration or earlier termination of this Lease.

19.28 Arbitration. Landlord and Tenant agree and acknowledge that certain claims and disputes which could arise out of this Lease, or the breach hereof, are not appropriate for arbitration, and such claims and disputes shall be subject to resolution in the appropriate state or federal court sitting in Davidson County, Tennessee, as set forth in Section 19.13, specifically including rights of entry and eviction, and other equitable remedies. Other than the foregoing, Landlord and Tenant agree and stipulate that all non-equity claims, disputes and other matters in question or at issue between them arising out of or relating to this Lease or the breach thereof, including, without limitation, any dispute or question concerning the scope of this arbitration clause (other than with respect to equitable remedies), will be decided by arbitration in Nashville, Tennessee, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this Section 19.28. This covenant to arbitrate will be specifically enforceable under the prevailing law of any court having jurisdiction. The parties hereto agree that one arbitrator shall arbitrate all disputes. Notice of a demand for arbitration shall be filed in writing by either party hereto with the other party hereto and with the American

Arbitration Association. The demand for arbitration shall be made no later than the date when institution of legal or equitable proceedings based on the claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrator will be final, judgment may be entered upon it in any court having jurisdiction thereof, and the award will not be subject to vacation, modification or appeal, except to the extent permitted by Sections 10 and 11 of the Federal Arbitration Act, the terms of which Sections the parties hereto agree shall apply. Each of the parties hereto submits to the jurisdiction of the state courts of Davidson County, Tennessee for purposes of the entry of any judgment arising out of the award of the arbitrator. All costs and expenses of each of the parties hereto with respect to the arbitration (including reasonable attorneys' fees) and the expenses of the arbitrators shall be paid by the party hereto against whom a determination by the arbitrator is made or, in the absence of a determination against one party hereto, as such arbitrator directs. The foregoing provisions shall not apply to any Facility Mortgagee or its collateral assignee, or to the first transferee after a foreclosure or transfer in lieu of foreclosure.

19.29 Certificate of Need. Landlord and Tenant acknowledge that a Certificate of Need with regard to the Facility was obtained from the Tennessee Health Services and Development Agency ("HSDA") at a meeting held on _____, 2018, to allow the development and construction of the Facility as an eight (8) person ICF/IID facility (the "CON"). If for any reason the CON has not been implemented by _____, 2019, this Agreement shall terminate, with no further rights or obligations of either party to the other.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Lease Agreement as a sealed instrument as of the date above first written.

LANDLORD:

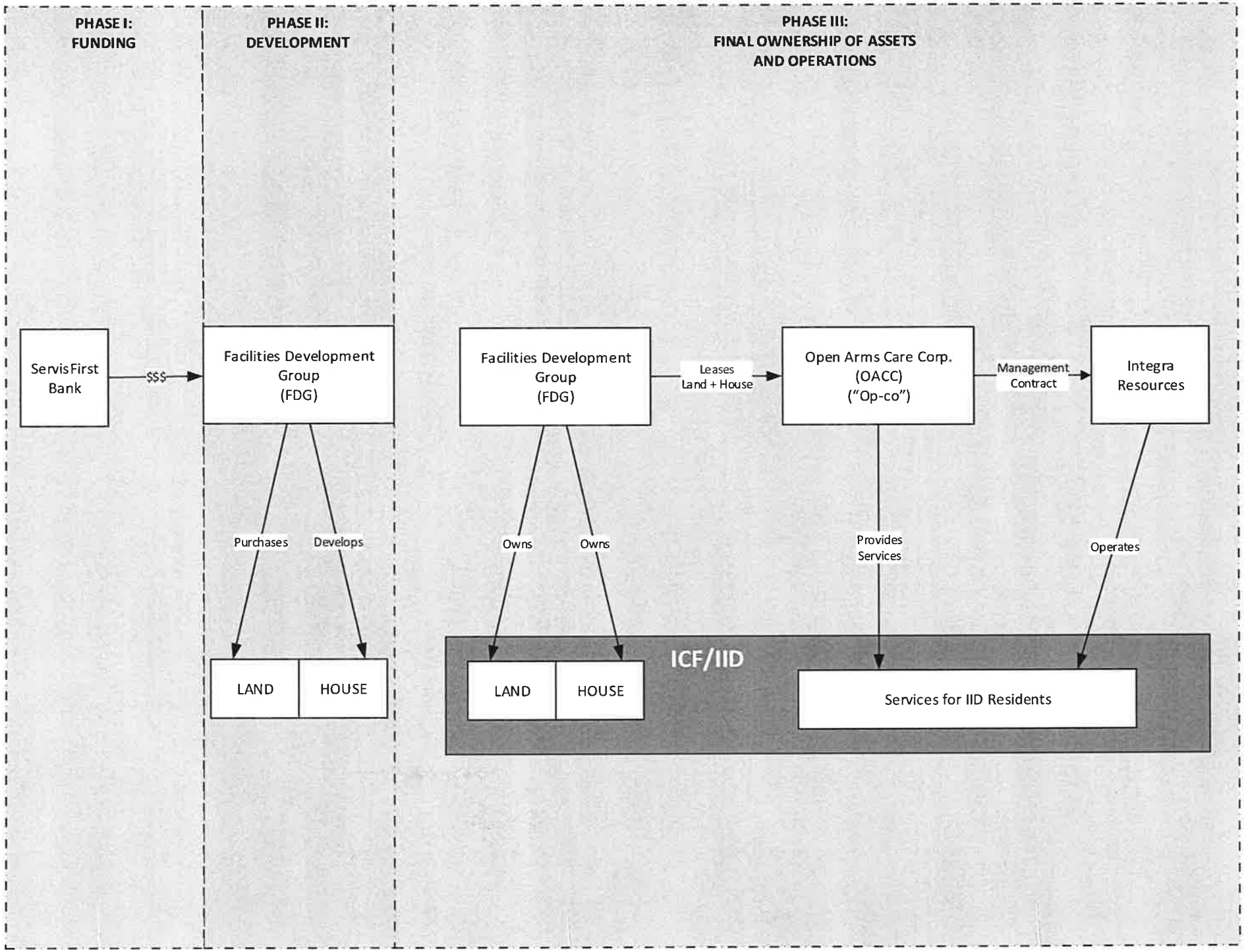
FACILITIES DEVELOPMENT GROUP, LLC

By:_____
Name:
Title:

TENANT:

OPEN ARMS CARE CORPORATION

By:_____
Name:
Title:


PHASE I:
FUNDING
PHASE II:
DEVELOPMENT
PHASE III:
FINAL OWNERSHIP OF ASSETS
AND OPERATIONS
Servis First Bank
$$$
Facilities Development Group (FDG)
Purchases
Develops
LAND
HOUSE
Facilities Development Group (FDG)
Leases Land + House
Open Arms Care Corp. (OACC) ("Op-co")
Management Contract
Integra Resources
Owns
Owns
Provides Services
Operates
ICF/IID
LAND
HOUSE
Services for IID Residents

Authentisign ID: 51BB42B5-889D-49AB-9BA4-44EA41B4E10D

BERKSHIRE HATHAWAY
HomeServices
Woodmont Realty

LOT/LAND PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer Facility Development Group or Assigns ("Buyer") agrees to buy and the undersigned seller _____ ("Seller") agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows: All that tract of land known as: 0 Old Brownsville Rd. (Address) Memphis (City), Tennessee, 38002 (Zip), as recorded in _____ County Register of Deeds Office, _____ deed book(s), _____ page(s), _____ and/or instrument number and as further described as: Parcel ID B0148 00061 MLS# 9970442 together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property."

☐ **This box must be checked to be part of this Agreement.** The full and legal description of said Property is as described in the attached "Legal Description Exhibit."

A. **LEASED ITEMS.** Leased items that remain with the Property (e.g. billboards, irrigation systems, fuel tank, etc.) _____. Buyer shall assume any and all lease payments as of Closing. If leases are not assumable, the balance shall be paid in full by Seller at or before Closing.

☐ Buyer does not wish to assume a leased item. **(THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.)**

Buyer does not wish to assume Seller's current lease of _____; therefore, Seller shall have said lease cancelled and leased items removed from Property prior to Closing.

B. **FUEL.** Fuel, if any, will be adjusted and charged to Buyer and credited to Seller at Closing at current market prices.

2. **Purchase Price, Method of Payment and Closing Expenses.** Buyer warrants that, except as may be otherwise provided herein, Buyer will at Closing have sufficient cash to complete the purchase of the Property under the terms of this Lot/Land Purchase and Sale Agreement (hereinafter "Purchase and Sale Agreement" or "Agreement"). The purchase price to be paid is: $ 155,000.00. One Hundred Fifty-Five Thousand U.S. Dollars, ("Purchase Price") which shall be disbursed to Seller or Seller's Closing Agency by one of the following methods:

i. a Federal Reserve Bank wire transfer;

ii. a Cashier's Check issued by a financial institution as defined in 12 CFR § 229.2(i); OR

iii. other such form as is approved in writing by Seller.

This price is based **(Select one. The sections not checked are not a part of this Agreement.)**:

☒ for entire Property as a tract, and not by the acre **OR**

☐ per acre with the Purchase Price to be determined by the actual amount of acreage of the Property, $_____ per acre based on a current or mutually acceptable survey **OR**

☐ for entire Property as a tract but with the Purchase Price to be adjusted upward or downward at $_____ per acre in the event the actual amount of acreage of the Property based on a current or mutually acceptable survey should vary more or less than _____ acre(s) from the _____ estimated acreage.

A. **Appraisal (Select either 1 or 2 below. The sections not checked are not a part of this Agreement).**

☒ 1. This Agreement **IS NOT** contingent upon the appraised value either equaling or exceeding the agreed upon Purchase Price.

☐ 2. This Agreement **IS CONTINGENT** upon the appraised value either equaling or exceeding the agreed upon Purchase Price. If the appraised value is equal to or exceeds Purchase Price, this contingency is satisfied. In consideration of Buyer having conducted an appraisal, the sufficiency of such consideration being hereby acknowledged, if the appraised value of the Property does not equal or exceed the Purchase Price, Buyer shall promptly notify the Seller via the notification form or written equivalent notice. Buyer shall then have 3 days to either:

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Instanet

1. waive the appraisal contingency via the notification form or equivalent written notice **OR**
2. terminate the agreement by giving notice to seller via the notification form or equivalent written notice. Upon timely termination, Buyer is entitled to a refund of the Earnest money.

In the event Buyer fails to either waive the appraisal or terminate the agreement as set forth above, this contingency is deemed satisfied. Thereafter, failure to appraise shall not be used as the basis for loan denial or termination of contract. Seller shall have the right to request any supporting documentation showing appraised value did not equal or exceed the agreed upon purchase price.

Upon timely termination, Buyer is entitled to a refund of the Earnest Money/Trust Money.

B. Closing Costs and Discount Points.

1. **Seller Expenses.** Seller shall pay all existing loans affecting the Property, including all penalties, release preparation costs, and applicable recording costs; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; Seller's Closing fee, document preparation fee and/or attorney's fees; fee for preparation of deed; notary fee on deed; and financial institution (Bank, Credit Union, etc.) wire transfer fee or commercial courier service fee related to the disbursement of any lien payoff(s). Seller additionally agrees to permit any withholdings and/or to pay any additional sum due as is required under the Foreign Investment in Real Property Tax Act. Failure to do so will constitute a default by Seller.

   In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. *It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.*

2. **Buyer Expenses.** Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust; Buyer's Closing fee, document preparation fee and/or attorney's fees; preparation of note, deed of trust, and other loan documents; mortgage loan inspection or boundary line survey; credit report; required premiums for private mortgage, hazard and flood insurance; required reserved deposits for insurance premiums and taxes; prepaid interest; re-inspection fees pursuant to appraisal; and any costs incident to obtaining and closing a loan, including but not limited to: appraisal, origination, discount points, application, commitment, underwriting, document review, courier, assignment, photo, tax service notary fees, and any wire fee or other charge imposed for the disbursement of the Seller's proceeds according to the terms of this Agreement.

3. **Title Expenses.** Cost of title search, mortgagee's policy and owner's policy (rates to be as filed with the Tennessee Department of Commerce and Insurance) shall be paid as follows:
   Paid by Seller _____.
   Simultaneous issue rates shall apply.

Not all of the above items are applicable to every transaction and may be modified as follows:

_____

_____

Closing Agency for Buyer: _____

Closing Agency for Seller: _____

C. Financial Contingency – Loan(s) To Be Obtained: This Agreement is conditioned upon Buyer's ability to obtain a loan(s) in the principal amount up to _____% of the Purchase Price listed above to be secured by a deed of trust on the Property. "Ability to obtain" as used herein means that Buyer is qualified to receive the loan described herein based upon Lender's customary and standard underwriting criteria. In consideration of Buyer, having acted in good faith and in accordance with the terms below, being unable to obtain financing by the Closing Date, the sufficiency of such consideration being hereby acknowledged, Buyer may terminate this Agreement by providing written notice via the Notification form or equivalent written notice. Seller shall have the right to request any supporting documentation regarding loan denial. Upon termination, Buyer is entitled to a refund of the Earnest Money/Trust Money. Lender is defined herein as the financial institution funding the loan.

The loan shall be of the type selected below (**Select the appropriate boxes. Unselected items will not be part of this Agreement**):

☐ Conventional Loan ☐ FHA Loan: attach addendum

☐ VA Loan: attach addendum ☒ Other All Cash

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Buyer may apply for a loan with different terms and conditions and also Close the transaction provided all other terms and conditions of this Agreement are fulfilled and the new loan does not increase any costs charged to Seller. Buyer shall be obligated to Close this transaction if Buyer has the ability to obtain a loan with terms as described herein and/or any other loan for which Buyer has applied and been approved.

Loan Obligations: ***The Buyer agrees and/or certifies as follows:***

(1) Within three (3) days after the Binding Agreement Date, Buyer shall make application for the loan and shall pay for credit report. Buyer shall immediately notify Seller or Seller's representative of having applied for the loan and provide Lender's name and contact information, and that Buyer has instructed Lender to order credit report. Such certifications shall be made via the Notification form or equivalent written notice;

(2) Within fourteen (14) days after the Binding Agreement Date, Buyer shall warrant and represent to Seller via the Notification form or equivalent written notice that:

a. Buyer has secured evidence of hazard insurance which will be effective at Closing and Buyer shall notify Seller of the name of the hazard insurance company;

b. Buyer has notified Lender of an Intent to Proceed and has available funds to Close per the signed Loan Estimate; and

c. Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.

(3) Buyer shall pursue qualification for and approval of the loan diligently and in good faith;

(4) Buyer shall continually and immediately provide requested documentation to Lender and/or loan originator;

(5) Unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or sale of any other real property and the same shall not be used as the basis for loan denial; and

(6) Buyer shall not intentionally make any material changes in Buyer's financial condition which would adversely affect Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

Should Buyer fail to timely comply with 2.C.(1) and/or 2.C.(2) above and provide notice as required, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller the requested documentation within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated.

THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.

☒ **Financing Contingency Waived** (e.g. "All Cash", etc.):

Buyer's obligation to Close shall not be subject to any financial contingency. Buyer reserves the right to obtain a loan. Buyer will furnish proof of available funds to close in the following manner: _____ (e.g. bank statement, Lender's commitment letter) within five (5) days after Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. Failure to Close due to lack of funds shall be considered default by Buyer.

In the event that this Agreement is contingent upon an appraisal, Buyer must order the appraisal and provide Seller with the name and telephone number of the appraisal company and proof that appraisal was ordered within five (5) days of the Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation is terminated.

3. **Earnest Money/Trust Money.** Buyer has paid or will pay within 3 days after the Binding Agreement Date to ERA Legacy Realty (name of Holder) ("Holder") located at 2504 Mt. Moriah Rd, Ste D-302, Memphis, TN 38115 (address of Holder), an Earnest Money/Trust Money deposit of $ 5000 by check (OR _____) ("Earnest Money/Trust Money").

A. **Failure to Receive Earnest Money/Trust Money.** In the event Earnest Money/Trust Money is not timely received by Holder or Earnest Money/Trust Money check or other instrument is not honored, for any reason by the bank upon which it is drawn, Holder shall promptly notify Buyer and Seller of the Buyer's failure to deposit the agreed upon Earnest Money/Trust Money. Buyer shall then have one (1) day to deliver Earnest Money/Trust Money in immediately available funds to Holder. In the event Buyer does not deliver such funds, Buyer is in default and Seller shall have the right to terminate this Agreement by delivering to Buyer or Buyer's representative written

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notice via the Notification form or equivalent written notice. In the event Buyer delivers the Earnest Money/Trust Money in immediately available funds in the form of a wire transfer or cashier's check to Holder before Seller elects to terminate, Seller shall be deemed to have waived his right to terminate, and the Agreement shall remain in full force and effect.

B. **Handling of Earnest Money/Trust Money upon Receipt by Holder.** Earnest Money/Trust Money is to be deposited promptly after the Binding Agreement Date or the agreed upon delivery date in this Earnest Money/Trust Money paragraph or as specified in the Special Stipulations paragraph contained at paragraph 15 herein. Holder shall disburse Earnest Money/Trust Money only as follows:

(a) at Closing to be applied as a credit toward Buyer's Purchase Price;

(b) upon a written agreement signed by all parties having an interest in the funds;

(c) upon order of a court or arbitrator having jurisdiction over any dispute involving the Earnest Money/Trust Money;

(d) upon a reasonable interpretation of the Agreement; or

(e) upon the filing of an interpleader action with payment to be made to the clerk of the court having jurisdiction over the matter.

Holder shall be reimbursed for, and may deduct from any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for the same) for any matter arising out of or related to the performance of Holder's duties under this Earnest Money/Trust Money paragraph. Earnest Money/Trust Money shall not be disbursed prior to fourteen (14) days after deposit unless written evidence of clearance by bank is provided.

4. **Closing, Prorations, Special Assessments and Association Fees.**

A. **Closing Date.** This transaction shall be closed ("Closed") (evidenced by delivery of warranty deed and payment of Purchase Price, the "Closing"), and this Agreement shall expire at 11:59 p.m. local time on the 1st day of March, 2018 ("Closing Date"), or on such earlier date as may be agreed to by the parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the event of default. Any extension of this date must be agreed to by the parties in writing via the Closing Date/Possession Date Amendment or equivalent written agreement.

1. **Possession.** Possession of the Property is to be given (**Select the appropriate boxes below. Unselected items will not be part of this Agreement**):

☒ at closing as evidenced by delivery of warranty deed and payment of Purchase Price;

OR

☐ as agreed in the attached and incorporated Temporary Occupancy Agreement;

B. **Prorations.** Real estate taxes, rents, dues, maintenance fees, and association fees on said Property for the calendar year in which the sale is Closed shall be prorated as of the Closing Date. In the event of a change or reassessment of taxes for the calendar year after Closing, the parties agree to pay their recalculated share. Real estate taxes, rents, dues, maintenance fees, and association fees for prior years and roll back taxes, if any, will be paid by Seller.

C. **Special Assessments.** Special Assessments approved or levied prior to the Closing Date shall be paid by Seller at or prior to Closing unless otherwise agreed as follows:

_____.

D. **Association Fees.** Buyer shall be responsible for all homeowner or condominium association transfer fees, related administration fees (not including statement of accounts), capital expenditures/contributions incurred due to the transfer of the Property and/or like expenses which are required by the association, property management company and/or the bylaws, declarations or covenants for the Property (unless otherwise specifically addressed herein and/or unless specifically chargeable to Seller under applicable bylaws, declarations, and/or neighborhood covenants).

5. **Title and Conveyance.**

A. Seller warrants that at the time of Closing, Seller will convey or cause to be conveyed to Buyer or Buyer's assign(s) good and marketable title to said Property by general warranty deed, subject only to:

(1) Zoning;

(2) Setback requirements and general utility, sewer, and drainage easements of record on the Binding Agreement Date upon which the improvements do not encroach;

(3) Subdivision and/or condominium declarations, covenants, restrictions, and easements of record on the Binding Agreement Date; and

(4) Leases and other encumbrances specified in this Agreement.

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If title examination, closing or loan survey pursuant to Tenn. Code Ann. § 62-18-126, boundary line survey, or other information discloses material defects, Buyer may, at Buyer's discretion:

(1) accept the Property with the defects OR

(2) require Seller to remedy such defects prior to the Closing Date. Buyer shall provide Seller with written notice of such defects via the Notification form or equivalent written notice. If defects are not remedied prior to the Closing Date, Buyer may elect to extend the Closing Date by mutual written agreement evidenced by the Closing Date/Possession Amendment form or other written equivalent. If defects are not remedied by the Closing Date or any mutually agreed upon extension thereof, this Agreement shall terminate, and Buyer shall be entitled to a refund of Earnest Money/Trust Money.

Good and marketable title as used herein shall mean title which a title insurance company licensed to do business in Tennessee will insure at its regular rates, subject only to standard exceptions. The title search or abstract used for the purpose of evidencing good and marketable title must be acceptable to the title insurance agent and the issuing title insurance company. Seller agrees to execute such appropriate affidavits and instruments as may be required by the issuing title insurance company.

B. Deed. Deed to be made in the name of Facility Development Group or Assigns. The manner in which Buyer takes title determines ownership and survivorship rights. It is Buyer's responsibility to consult the closing agency or attorney prior to Closing.

6. Inspections and other requirements made a part of this Agreement.

ALL INSPECTIONS ARE TO BE MADE AT BUYER'S EXPENSE. Buyer, its inspectors and/or representatives shall have the right and responsibility to enter the Property during normal business hours for the purpose of making inspections and/or tests. Buyer agrees to indemnify Seller for the acts of themselves, their inspectors and/or representatives in exercising their rights under this paragraph. Buyer's obligations to indemnify Seller shall also survive the termination of this Agreement by either party, which shall remain enforceable. Buyer shall make such inspections as indicated in this paragraph and either accept the Property in its present condition by written notice to Seller or terminate the Agreement as provided for in each section marked below.

[Select any or all of the following stipulations. Unselected items are not a part of this Agreement.]

☒ **A. Feasibility Study.** Buyer shall have the right to review all aspects of the Property, including but not limited to, all governmental, zoning, soil and utility service matters related thereto. In consideration of Buyer having conducted Buyer's good faith review as provided for herein, the sufficiency of such consideration being hereby acknowledged, Buyer shall provide written notification to Seller and/or Seller's Broker within _____ days after Binding Agreement Date that Buyer is not satisfied with the results of such review, and this Agreement shall automatically terminate and Broker shall promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails to provide notice, then this contingency shall be deemed to have been waived by Buyer. Seller acknowledges and agrees that Buyer and/or his agents and employees may have free access during normal business hours to visit the Property for the purpose of (1) inspection thereof and (2) conducting such soil and other tests thereon as are deemed reasonably necessary by Buyer. Buyer hereby agrees to indemnify and hold Seller, Broker, and Broker's Affiliated Licensees harmless from and against any and all loss, injury, cost, or expense associated with Buyer's inspection of and entry upon Property.

☒ **B. Building Permit.** This Agreement is contingent upon Buyer's ability to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements on the Property. In consideration of Buyer, having acted in good faith, being unable to acquire all required licenses and permits from the appropriate governmental authority to make specific improvements to the Property, the sufficiency of such consideration hereby being acknowledged, Buyer may terminate this agreement by providing written notification to Seller and/or Seller's Broker within _____ days after the Binding Agreement Date. Upon termination, holder shall promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails to provide said notice, then this contingency shall be deemed to have been waived by Buyer.

☐ **C. Permit for Sanitary Septic Disposal System.** This Agreement is contingent upon the Buyer's ability to obtain a permit for a sanitary septic disposal system from the respective Tennessee Ground Water Protection Office for the county in which the Property is located (generally, located at the local Health Department) to be placed on the Property in a location consistent with Buyer's planned improvements. In consideration of Buyer, having acted in good faith, being unable to meet this condition, the sufficiency of such consideration being hereby acknowledged, Buyer must notify Seller and/or Seller's Broker in writing within _____ days after the Binding Agreement Date. With proper notice, the Agreement is voidable by Buyer and Earnest Money/Trust Money refunded. If Buyer fails to provide said notice, this contingency shall be deemed to have been waived by Buyer.

☐ **D. Rezoning.** This Agreement is contingent upon the Property being rezoned to _____ by the appropriate governmental authorities on or before _____. (Buyer or Seller)

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_____ shall be responsible for pursuing such rezoning, and paying all associated cost. All rezoning applications shall be submitted to Seller for Seller's approval prior to filing, which approval shall not be unreasonably withheld. All parties agree to cooperate, to sign the necessary documentation and to support the rezoning application. In consideration of Buyer having acted in good faith, Buyer may provide notification to Seller and/or Seller's Broker within 48 hours after the above date that the Property cannot be so zoned, the sufficiency of such consideration being hereby acknowledged, and this Agreement shall automatically terminate. Upon termination, holder shall promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails to provide said notice, then this contingency shall be deemed to have been waived by Buyer.

☐ **E. Well Test.** This Agreement is contingent upon the well water serving the Property passing testing for suitability for drinking as performed by a testing laboratory selected by Buyer, or required by Buyer's Lender, prior to Closing. Buyer shall be responsible for ordering, supervising and paying for any such well water sample test. This Agreement shall also be contingent upon said well providing an adequate quantity of water to serve Buyer's intended purpose for the Property. In consideration of Buyer, having conducted a well test as provided for herein, the sufficiency of such consideration being hereby acknowledged, Buyer may provide written notification to Seller and/or Seller's Broker within _____ days after the Binding Agreement Date that test results are unacceptable, and in such event this Agreement shall automatically terminate, and Holder shall promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails to provide said notice, then this contingency shall be deemed to have been waived by Buyer.

☒ **F. Other Inspections.** See Special Stipulations for additional inspections required by Buyer.

☐ **G. No Inspection Contingencies.** Buyer accepts the Property in its present condition. All parties acknowledge and agree that the Property is being sold "AS IS" with any and all faults.

7. **Final Inspection.** Buyer and/or his inspectors/representatives shall have the right to conduct a final inspection of Property on the Closing Date and/or within 1 day(s) prior to Closing Date only to confirm Property is in the same or better condition as it was on the Binding Agreement Date, normal wear and tear excepted, and to determine that all repairs/replacements have been completed. Property shall remain in such condition until the Closing Date at Seller's expense. Closing of this sale constitutes acceptance of Property in its condition as of the time of Closing, unless otherwise noted in writing.

8. **Buyer's Additional Due Diligence Options.** If any of the matters below are of concern to Buyer, Buyer should address the concern by specific contingency in the Special Stipulations paragraph of this Agreement.

   A. **Survey and Flood Certification.** Survey Work and Flood Certifications are the best means of identifying boundary lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a survey, closing loan survey or Boundary Line Survey and Flood Zone Certifications.

   B. **Insurability.** Many different issues can affect the insurability and the rates of insurance for property. These include factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of the buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine whether any exclusions will apply to the insurability of said Property.

   C. **Water Supply.** The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

   D. **Waste Disposal.** The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

   E. **Title Exceptions.** At Closing, the general warranty deed will be subject to subdivision and/or condominium declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use of the Property by Buyer.

9. **Disclaimer.** It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller and/or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, flood certification, title search or inspection of the Property; the insurability of the Property or cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for building products and construction techniques; for any geological issues present on the Property; for any issues arising out of the failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the

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availability, capability, and/or cost of utility, sewer, septic, or community amenities; for any proposed or pending condemnation actions involving the Property; for acreage or square footage; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions, and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.

10. **Brokerage.** As specified by separate agreement, Seller agrees to pay Listing Broker at Closing the agreed upon compensation. The Listing Broker will direct the closing agency to pay the Selling Broker, from the compensation received, an amount in accordance with the terms and provisions specified by separate agreement. The parties agree and acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

11. **Default.** Should Buyer default hereunder, the Earnest Money/Trust Money shall be forfeited as damages to Seller and shall be applied as a credit against Seller's damages. Seller may elect to sue, in contract or tort, for additional damages or specific performance of the Agreement, or both. Should Seller default, Buyer's Earnest Money/Trust Money shall be refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees. In the event that any party exercises its right to terminate due to the default of the other pursuant to the terms of this Agreement, the terminating party retains the right to pursue any and all legal rights and remedies against the defaulting party following termination. The parties hereby agree that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies, rights and/or obligations as a defense in the event of a dispute.

12. **Other Provisions.**

A. **Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date.** This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. It is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not have the authority to bind the Buyer, Seller, or any assignee to any contractual agreement unless specifically authorized in writing within this Agreement. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize either licensee to insert the time and date of receipt of the notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signatory section of this Agreement, or Counter Offer, if applicable.

B. **Survival Clause.** Any provision contained herein, which by its nature and effect is required to be performed after Closing shall survive the Closing and delivery of the deed, and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter.

C. **Governing Law and Venue.** This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. **Time of Essence.** Time is of the essence in this Agreement.

E. **Terminology.** As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of Property. **In the event a performance deadline**, other than the Closing Date (as defined in paragraph 4 herein), Date of Possession (as defined in paragraph 4 herein), and Offer Expiration Date (as defined in paragraph 16 herein), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall extend to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day

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following the initial date (e.g. Binding Agreement Date).

F. **Responsibility to Cooperate.** Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. Buyer and Seller agree that if requested after Closing, they will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. **Notices.** Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person; (2) by a prepaid overnight delivery service; (3) by facsimile transmission (FAX); (4) by the United States Postal Service, postage prepaid, registered or certified, return receipt requested; or (5) Email. **NOTICE** shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or the Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. **Risk of Loss.** The risk of hazard or casualty loss or damage to the Property shall be borne by Seller until transfer of title. If casualty loss prior to Closing exceeds 10% of the Purchase Price, Seller or Buyer may elect to terminate this Agreement with a refund of Earnest Money/Trust Money to Buyer.

I. **Equal Housing.** This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. **Severability.** If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect. In the event that the contract fails due to the severed provisions, then the offending language shall be amended to be in conformity with state and federal law.

K. **Property Delivery Condition.** Seller shall deliver Property clean and free of debris at time of possession.

L. **Contract Construction.** This Agreement or any uncertainty or ambiguity herein shall not be construed against any party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.

M. **Other.** In further consideration of Buyer's right to legally, properly and in good faith invoke a right to terminate this Agreement pursuant to any specific Buyer contingency as stated herein, Buyer agrees, upon Seller's request or as provided for in this Agreement, to provide Seller or Seller's representative with copies of any supporting documentation which supports Buyer's right to exercise said contingency, the sufficiency and adequacy of said consideration being acknowledged. Any such supporting documents shall be provided for Seller's benefit only and Seller shall not disseminate the same to third parties. However, Buyer shall not be required to provide any documents to Seller in violation of any confidentiality agreement or copyright protection laws, if applicable.

13. **Method of Execution.** The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal law will be acceptable and may be treated as originals and that the final Lot/Land Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal law.

14. **Exhibits and Addenda.** All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement:

See attached special stipulations

15. **Special Stipulations.** The following Special Stipulations, if conflicting with any preceding paragraph, shall control:

This form is copyrighted and may only be used in real estate transactions in which Douglas Brooks is involved as a TAR authorized user. Unauthorized use of the form may result in legal sanctions being brought against the user and should be reported to the Tennessee Association of Realtors® at (615) 321-1477.

16. Time Limit of Offer. This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not countered or accepted by 5 o'clock ☐ a.m./ ☒ p.m. on the 4 day of Oct, 2017

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box "☐" must be marked to be a part of this Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have received a copy of this Agreement.

IMPORTANT NOTICE: Never trust wiring instructions sent via email. Cyber criminals are hacking email accounts and sending emails with fake wiring instructions. These emails are convincing and sophisticated. Always independently confirm wiring instructions in person or via a telephone call to a trusted and verified phone number. Never wire money without double-checking that the wiring instructions are correct.

Buyer hereby makes this offer.

BUYER	BUYER
10/3/17 at 10 o'clock ☒ am/ ☐ pm	_____ at _____ o'clock ☐ am/ ☐ pm
Offer Date	Offer Date

Seller hereby:

- ☒ **ACCEPTS** – accepts this offer.
- ☐ **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).
- ☐ **REJECTS** this offer and makes no counter offer.

Authentisign SHELLER McClarin	SELLER
10/5/2017 2:05:39 PM CDT at _____ o'clock ☐ am/ ☐ pm	_____ at _____ o'clock ☐ am/ ☐ pm
Date	Date

Binding Agreement Date. This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date") the last offeror, or licensee of the offeror, receives notice of offeree's acceptance.

Notice of acceptance of the final offer was received on the _____ day of _____, _____ at _____ o'clock by _____ (Name).

For Information Purposes Only:

Listing Company: ERA Legacy Realty	Selling Company: BERKSHIRE HATHAWAY
Listing Firm Address: 2504 Mt Moriah Rd Ste D302m Mphs, TN 38115	Selling Firm Address: 5107 MARYLAND WAY
Firm License No.: 258620	Firm License No.:
Firm Telephone No.: 901-795-5050	Firm Telephone No.: 615-661-2800
Listing Licensee: L Diane Tate	Selling Licensee:
Licensee License Number: 00280888	Licensee License Number: 282637
Licensee Email: dianetate50@aol.com	Licensee Email: DLBROOKS@COMCAST.NET
Home Owner's / Condominium Association ("HOA/COA"):	
HOA / COA Phone:	HOA/COA Email:
Property Management Company:	
Phone:	Email:

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.

This form is copyrighted and may only be used in real estate transactions in which Douglas Brooks is involved as a TAR authorized user. Unauthorized use of the form may result in legal sanctions being brought against the user and should be reported to the Tennessee Association of Realtors® at (615) 321-1477.

Special stipulations:

Buyer shall have the right to conduct a feasibility study to satisfy the State of Tennessee requirements for proposed homes.

Buyer shall be able to acquire all required licenses and permits from the appropriate government agencies to make specific improvements to the properties including building two residences.

Contingent upon Buyer receiving approval from the applicable State and local agencies for site use and site plans as required by Buyer for development of group homes.

Buyer shall pursue approvals in a timely fashion to facilitate closing by March 1, 2018. If the state of TN requires additional time to complete their approval through no fault of Buyer, Buyer requests up to an additional thirty days to close.

AuthentiSign ID: 199C6308-7C19-4AEC-8E59-1B4CC95E0074

ERA REAL ESTATE

Always There For You®

CONFIRMATION OF AGENCY STATUS

Every real estate licensee is required to disclose his or her agency status in a real estate transaction to any buyer or seller who is not represented by an agent and with whom the Licensee is working directly in the transaction. The purpose of this Confirmation of Agency Status is to acknowledge that this disclosure occurred. Copies of this confirmation must be provided to any signatory thereof. As used below, "Seller" includes sellers and landlords; "Buyer" includes buyers and tenants. Notice is hereby given that the agency status of this Licensee (or Licensee's company) is as follows in this transaction:

The real estate transaction involving the property located at: 0 OLD BROWNSVILLE RD (RD148 00061)

PROPERTY ADDRESS

SELLER NAME: Shelia McClain	**BUYER NAME:** Facility Dev. Group
LICENSEE NAME: L. Diane Tate	LICENSEE NAME: Douglas Brooks
in this consumer's current or prospective transaction is serving as:	in this consumer's current or prospective transaction is serving as:
☐ **Transaction Broker or Facilitator.** (not an agent for either party).	☐ **Transaction Broker or Facilitator.** (not an agent for either party).
☐ **Seller is Unrepresented.**	☐ **Buyer is Unrepresented.**
☒ **Agent for the Seller.**	☐ **Agent for the Buyer.**
☐ **Designated Agent for the Seller.**	☐ **Designated Agent for the Buyer.**
☐ **Disclosed Dual Agent (for both parties),** with the consent of both the Buyer and the Seller in this transaction.	☐ **Disclosed Dual Agent (for both parties),** with the consent of both the Buyer and the Seller in this transaction.

This form was delivered in writing, as prescribed by law, to any unrepresented buyer **prior to the preparation of any offer to purchase,** OR to any unrepresented seller **prior to presentation of an offer to purchase;** OR (if the Licensee is listing a property without an agency agreement) **prior to execution of that listing agreement.** This document also serves as confirmation that the Licensee's Agency or Transaction Broker status was communicated orally before any real estate services were provided and also serves as a statement acknowledging that the buyer or seller, as applicable, was informed that any complaints alleging a violation or violations of Tenn. Code Ann. § 62-13-312 must be filed within the applicable statute of limitations for such violation set out in Tenn. Code Ann. § 62-13-313(e) with the Tennessee Real Estate Commission, 710 James Robertson Parkway, 3rd Floor, Nashville, TN 37232, PH: (615) 741-2273. **This notice by itself, however, does not constitute an agency agreement or establish any agency relationship.**

By signing below, parties acknowledge receipt of Confirmation of Agency relationship disclosure by Realtor® acting as Agent/Broker OR other status of Seller/Landlord and/or Buyer/Tenant pursuant to the National Association of Realtors® Code of Ethics and Standards of Practice.

Authentisign Shelia McClain 10/04/2017 CDT			
Seller Signature	Date	Buyer Signature	Date
Seller Signature	Date	Buyer Signature	Date
Authentisign L. Diane Tate 10/04/2017 CDT			
Listing Licensee L. Diane Tate	Date	Selling Licensee Douglas Brooks	Date
ERA Legacy Realty		Berkshire Hathway	
Listing Company		Selling Company	

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This form is copyrighted and may only be used in real estate transactions in which L. Diane Tate is involved as a TAR authorized user. Unauthorized use of the form may result in legal sanctions being brought against the user and should be reported to the Tennessee Association of Realtors® at (615) 321-1477.

InstanetFORMS

ERA REAL ESTATE

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COMPENSATION AGREEMENT BETWEEN LISTING & SELLING BROKER

This compensation agreement ("Agreement") is entered into this _____ day of _____, _____ and relates to: 0 Old Brownsville Road (B0148 00061) ("Property") and Facility Development Group or Assigns ("Buyer").

The undersigned Listing Broker is to be paid real estate compensation by the seller upon the closing of the above stated Property. Listing Broker agrees to share its compensation with the undersigned Selling Broker as set forth below:

Listing Broker (Firm Name) ERA Legacy Realty
Listing Firm Address: 2504 Mt Moriah #D-302 Memphis TN 38115

Selling Broker (Firm Name) Berkshire Hathaway
Selling Firm Address: 5107 Maryland Way

Selling Broker shall receive the following compensation: $_____ or 3 % of the purchase price of the Property.

In addition, this Agreement is subject to the following terms and conditions:

1. This Agreement shall supersede any previous agreements entered into by the parties.
2. Listing Broker shall have no obligation to the Selling Broker for compensation relating to the above referenced Property, Buyer, and Selling Broker if the Purchase and Sale Agreement that Selling Broker is involved in does not close.
3. There shall be no reduction, change or modification to compensation without prior consent of all Brokers involved.
4. If either licensee, subsequent to entering into this Agreement, unilaterally agrees to a reduction in compensation to be received by the licensee's broker without the consent of the other licensee, the amount of reduction shall be deducted solely from the licensee's broker that reduced the compensation.
5. Listing Broker shall have no obligation to pay above compensation to Selling Broker in the event that such is prohibited by a court order and/or instruction from a lender as could occur in situations including but not limited to, short sales, foreclosures, and bankruptcy proceedings. In the event that such compensation is limited and/or prohibited by such order or instruction, Listing Broker shall only be obligated to pay Selling Broker the compensation which is permitted by such order or instruction. Listing Broker shall advise Selling Broker of any such order or instruction and with permission of both parties provide evidence of such as soon as possible.

SPECIAL STIPULATIONS: The following Special Stipulations, if conflicting with any exhibit, addendum, or preceeding paragraph, shall control:

The party(ies) below have signed and acknowledge receipt of a copy.

Linda D. Tate	ERA Legacy Realty
By: Broker or Licensee Authorized by Broker	**LISTING BROKER/FIRM**
10-4-17 at _____ o'clock ☐ am/ ☐ pm	2504 Mt Moriah #D-302
Date	ADDRESS:
L. Diane Tate	PHONE: 901-795-5050 FAX: 901-795-5511
PRINT/TYPE NAME	Email: lindad.tate@era.com

The party(ies) below have signed and acknowledge receipt of a copy.

_____	Berkshire Hathaway
By: Broker or Licensee Authorized by Broker	**SELLING BROKER/FIRM**
_____ at _____ o'clock ☐ am/ ☐ pm	5107 Maryland Way
Date	ADDRESS:
Douglas Brooks	PHONE: _____ FAX: _____
PRINT/TYPE NAME	Email: dlbrooks@comcast.net

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.

This form is copyrighted and may only be used in real estate transactions in which L. Diane Tate is involved as a TAR authorized user. Unauthorized use of the form may result in legal sanctions being brought against the user and should be reported to the Tennessee Association of Realtors® at (615) 321-1477.

October 10, 2017

Ladies and Gentlemen:

We are pleased to present this option ("Option") to you for the lease ("Lease") of the real property and building described below, on the following terms and conditions:

Lessor:	FACILITIES DEVELOPMENT GROUP, LLC
Lessee:	OPEN ARMS CARE CORPORATION
Premises:	SHELBY #2 ____ Old Brownsville Road, Bartlett, Tennessee 38002 (This site does not currently have a separate street address, but is a lot of approximately 4.25 acres, such lot being the east half of the approximately 8.5 acres located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, and also described as Parcel B0148 00061 in the records of the Shelby County Tax Assessor).
Intended Use:	One (1) eight-person ICF/IID facility (the "Facility").
Effective Date and Term:	The Effective Date of the Lease shall be the first day of the month after the exercise of this Option (as determined below), and the term of the Lease shall commence on the Effective Date and shall terminate and expire at 11:59 p.m. on the date which is thirty (30) years after the date of the later of (i) licensure of the Facility by the Tennessee Department of Developmental and Intellectual Disabilities or (ii) certification of the Facility by the Bureau of TennCare (the "Certification Date").
Rent:	One Dollar ($1) per year from the Effective Date until the Certification Date for the Facility, and thereafter the rent shall be an amount consistent with then-prevailing fair market value rental rates and other lease terms and conditions for similar properties, the annual rent not to exceed One Hundred Ten Thousand Dollars ($110,000) per year, the exact amount to be set forth in the Lease, payable to Lessor in equal monthly installments in advance.
Other Lease Terms:	Other terms of the Lease shall be established by the parties at the effective date of the Lease, in the same format and general terms and conditions as the leases for other similar facilities being leased to Lessee, subject to all such terms,

conditions and amounts being consistent with fair market values and other then-prevailing market terms and conditions.

In consideration of $10.00 cash in hand paid, the receipt and sufficiency of which are hereby acknowledged, Lessor grants to Lessee the option described above, which must be exercised within thirty (30) days of the final approval of the Certificate of Need application with regard to the Facility, as is currently pending before the Tennessee Health Services and Development Agency ("HSDA"), to allow the development and construction of the Facility as an eight (8) person ICF/IID facility (the "CON"). Upon exercise of the option, the Lessor and Lessee shall in good faith negotiate the definitive terms of a lease agreement for the long-term lease of the Facility, all as described above. If such option is not exercised by such date, this Option shall terminate and be of no further force and effect.

Lessor and Lessee acknowledge that Lessor cannot obtain financing for the Facility until after the CON for the Facility has been approved by the HSDA. If for any reason financing acceptable to Lessor has not been obtained with sixty (60) days of the final approval of the CON, this Option shall terminate, with no further rights or obligations of either party to the other.

Sincerely,

FACILITIES DEVELOPMENT GROUP, LLC

By: _____

Title: President

Accepted:

OPEN ARMS CARE CORPORATION

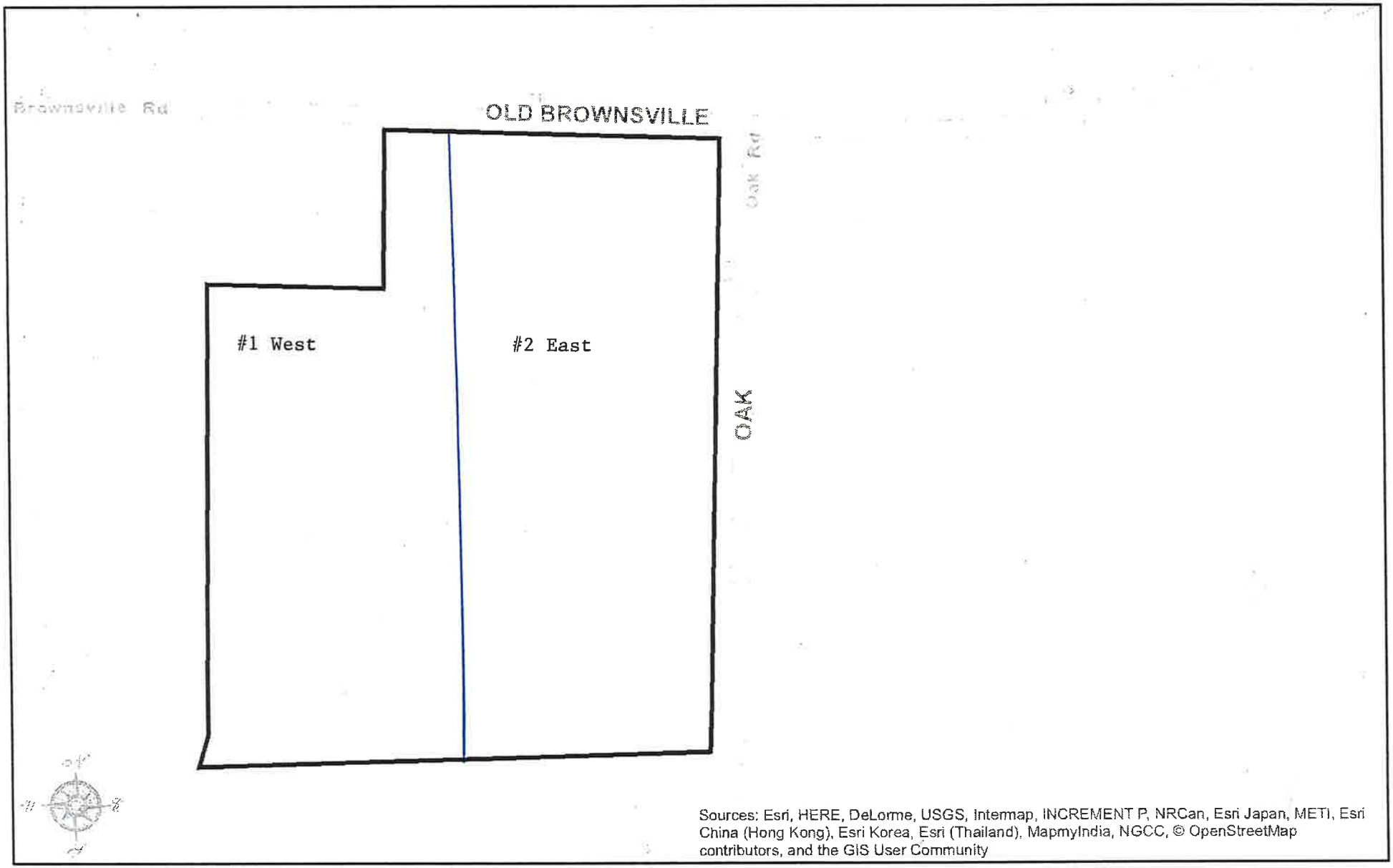
By: _____

Title: CEO

Attachment A - 6B-1

Plot Plan

Shelby 1 and 2



TOM LEATHERWOOD, REGISTER OF DEEDS
SHELBY COUNTY, TENNESSEE

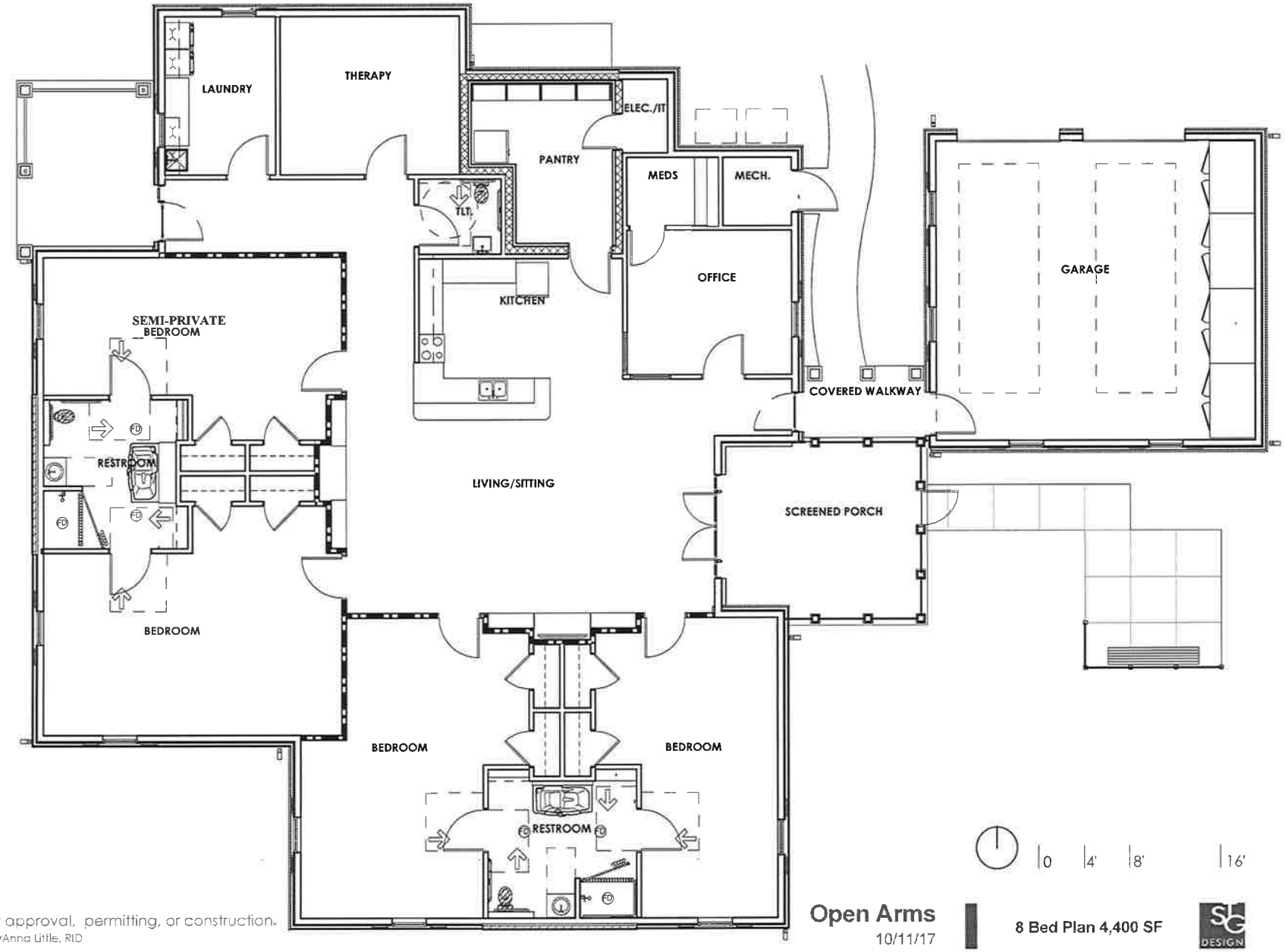
DISCLAIMER: PROPERTY TAX MAPS AND PARCEL BOUNDARIES DO NOT REFLECT ACCURATE SURVEY INFORMATION OR EXACT LEGAL OWNERSHIP BOUNDARIES, AND ARE ONLY PROVIDED FOR GENERAL INFORMATION PURPOSES. THEREFORE, THEY SHOULD NOT BE RELIED UPON AS A REPRESENTATION OF ANY PROPERTY FOR ANY PURPOSE.

MAP DATE: October 11, 2017

0 190 380
ft

Attachment A - 6B-2

Floor Plan



Not for regulatory approval, permitting, or construction.

Registrant's Name: PollyAnna Little, RID

10/11/2017 11:15:09 AM
Local File Path: C:\Users\cjones\Documents\STG Revit 2015 Local Models\8BED_V15_cjones.rvt
Central File Path: S:\ Studio XX\ Type Full Path and File Name Here

Open Arms
10/11/17

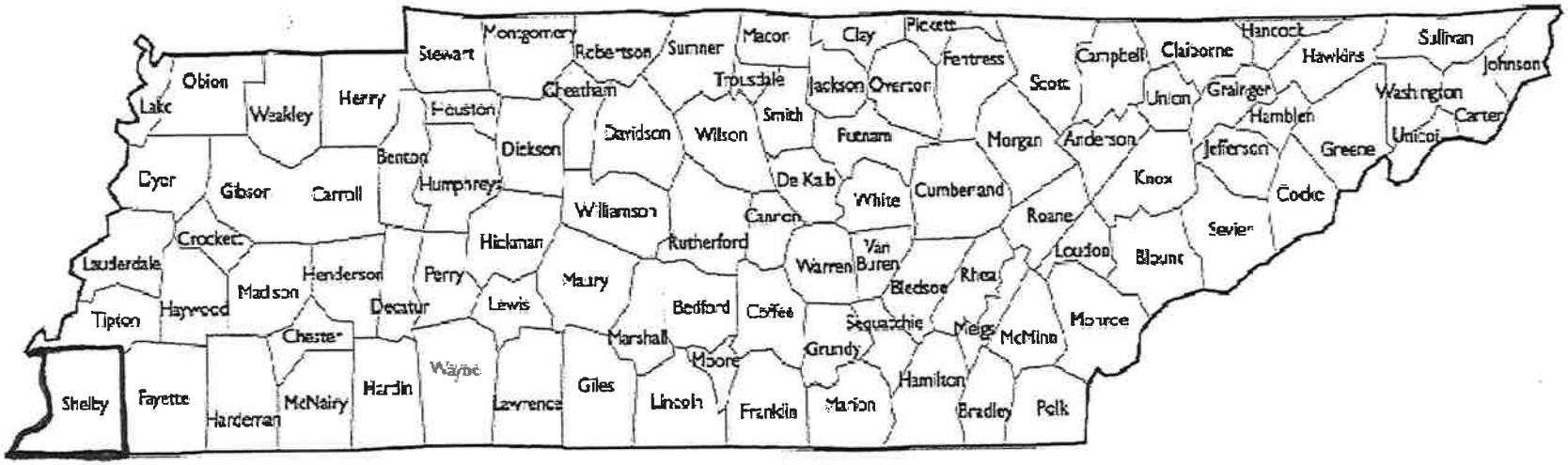
8 Bed Plan 4,400 SF

SG DESIGN

Attachment B - Need-C

Service Area Map

TENNESSEE COUNTY MAP



Attachment B - Economic Feasibility - A5

Letter Supporting Estimated Construction Costs

October 9, 2017

Freddie Vanderveer
Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN 37027

Re: New Homes

Dear Freddie:

It is my pleasure to submit this letter outlining the new 8- bed homes to be constructed in the State of Tennessee. The homes will be new construction 4,400 square foot, 8-bed ICF/IID facilities. We have worked diligently to accommodate the needs of the future residents, and have taken into account their special requirements in designing the homes

My initial estimate is that construction of each home will cost in the range of $775,000 - $825,000, which includes an allowance of $25,000 for landscaping and irrigation. This estimate represents what it will cost to construct the project, and to provide a physical environment, according to the applicable federal, state, and local construction codes, standards, specifications, and requirements. The physical environment will conform to applicable federal standards, manufacturer's specifications, Americans with Disabilities Act (ADA), and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities. Civil design will be incorporated on a per site basis as the lots become available. The commercial grade materials on the interior and exterior are subject to change on a per lot basis.

Sincerely,

Dave Johnston AIA
Principal

SLG DESIGN

AUSTIN
HOUSTON
NASHVILLE

211 Union
Nashville Tennessee 37201
615 248 4400 V
615 248 4401 F

www.slgdesign.com

Attachment B - Economic Feasibility - B

Funding Documentation

October 9, 2017

Freddie Vanderveer
Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN 37027

Re: New Homes

Dear Freddie:

It is my pleasure to submit this letter outlining the new 4- bed homes to be constructed in the State of Tennessee. The homes will be new construction 2,800 square foot, 4-bed ICF/IID facilities. We have worked diligently to accommodate the needs of the future residents, and have taken into account their special requirements in designing the homes

My initial estimate is that construction of each home will cost in the range of $575,000 - $625,000, which includes an allowance of $25,000 for landscaping and irrigation. This estimate represents what it will cost to construct the project, and to provide a physical environment, according to the applicable federal, state, and local construction codes, standards, specifications, and requirements. The physical environment will conform to applicable federal standards, manufacturer's specifications, Americans with Disabilities Act (ADA), and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities. Civil design will be incorporated on a per site basis as the lots become available. The commercial grade materials on the interior and exterior are subject to change on a per lot basis.

Sincerely,

Dave Johnston AIA
Principal

SLG DESIGN

AUSTIN
HOUSTON
NASHVILLE

211 Union
Nashville Tennessee 37201
615 248 4400 V
615 248 4401 F

www.slgdesign.com

Attachment B - Economic Feasibility - C

Historical and Projected Data Charts

☑ Total Facility
☐ Project Only

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

		Year 2014	Year 2015	Year 2016
A.	Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	2,872	2,896	2,910
B.	Revenue from Services to Patients			
	1. Inpatient Services	$ 1,197,706	$ 1,226,720	$ 1,393,763
	2. Outpatient Services			
	3. Emergency Services			
	4. Other Operating Revenue (Specify) Donations	4,302		2,126
	Gross Operating Revenue	**$ 1,202,008**	**$ 1,226,720**	**$ 1,395,889**
C.	Deductions from Gross Operating Revenue			
	1. Contractual Adjustments	$	$	$
	2. Provision for Charity Care			
	3. Provisions for Bad Debt	321		20
	Total Deductions	**$ 321**	**$ 0**	**$ 20**
NET OPERATING REVENUE		**$ 1,201,687**	**$ 1,226,720**	**$ 1,395,869**
D.	Operating Expenses			
	1. Salaries and Wages			
	a. Direct Patient Care	637,108	644,028	681,317
	b. Non-Patient Care	40,667	41,108	43,488
	2. Physician's Salaries and Wages			
	3. Supplies	60,409	64,107	59,804
	4. Rent			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates		117,825	153,600
	5. Management Fees:			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates		56,070	74,760
	6. Other Operating Expenses	386,485	382,834	439,135
	Total Operating Expenses	**$ 1,124,669**	**$ 1,305,972**	**$ 1,452,104**
E.	**Earnings Before Interest, Taxes and Depreciation**	**$ 77,018**	**$ -79,252**	**$ -56,235**
F.	Non-Operating Expenses			
	1. Taxes	$	$	$
	2. Depreciation	34,853	74,091	91,680
	3. Interest	18,772	12,528	16,569
	4. Other Non-Operating Expenses	53,425		
	Total Non-Operating Expenses	**$ 107,050**	**$ 86,619**	**$ 108,249**
NET INCOME (LOSS)		**$ -30,032**	**$ -165,871**	**$ -164,484**

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ -30,032	$ -165,871	$ -164,484
G. Other Deductions			
1. Annual Principal Debt Repayment	$ 53,760	$ 74,091	$ 91,680
2. Annual Capital Expenditure			
Total Other Deductions	$ **53,760**	$ **74,091**	$ **91,680**
NET BALANCE	$ **-83,792**	$ **-239,962**	$ **-256,164**
DEPRECIATION	$ **34,853**	$ **74,091**	$ **91,680**
FREE CASH FLOW (Net Balance + Depreciation)	$ **-48,939**	$ **-165,871**	$ **-164,484**

☒ Total Facility

☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2014	Year 2015	Year 2016
1. Professional Services Contract	$ 71,409	$ 70,735	$ 81,137
2. Insurance	14,374	14,238	16,332
3. IT Support	7,383	7,314	8,389
4. Leased Equipment & Vehicles	18,613	18,437	21,148
5. Repairs & Maintenance	20,534	20,340	23,331
6. Provider Tax	65,029	64,414	73,887
7. Utilities	25,000	24,764	28,406
8. Transportation & Travel	13,745	13,616	15,618
9. Communications	9,036	8,951	10,267
10. Miscellaneous	141,362	140,025	160,620
Total Other Expenses	$ **386,485**	$ **382,834**	$ **439,135**

☑ Total Facility
☐ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 2017	Year 2018
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	2,910	2,898
B. Revenue from Services to Patients		
1. Inpatient Services	$ 1,432,860	$ 1,414,178
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify) Donations		
Gross Operating Revenue	**$ 1,432,860**	**$ 1,414,178**
C Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	**$ 0**	**$ 0**
NET OPERATING REVENUE	$ 1,432,860	$ 1,414,178
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	681,691	689,916
b. Non-Patient Care	43,512	44,037
2. Physician's Salaries and Wages		
3. Supplies	60,831	61,500
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	79,373	54,554
5. Management Fees:		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	74,760	74,760
6. Other Operating Expenses	449,350	453,055
Total Operating Expenses	**$ 1,389,517**	**$ 1,377,822**
E. **Earnings Before Interest, Taxes and Depreciation**	$ 43,343	$ 36,356
F. Non-Operating Expenses		
1. Taxes	$	$
2. Depreciation	26,575	4,874
3. Interest	16,569	16,423
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	**$ 43,144**	**$ 21,297**
NET INCOME (LOSS)	$ 199	$ 15,059

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ 199	$ 15,059
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	$ 26,575	$ 4,874
2. Annual Capital Expenditure		
Total Other Deductions	$ **26,575**	$ **4,874**
NET BALANCE	$ (26,376)	$ 10,185
DEPRECIATION	$ 26,575	$ 4,874
FREE CASH FLOW (Net Balance + Depreciation)	$ 199	$ 15,059

☑ Total Facility

☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2017	Year 2018
1. Professional Services Contract	$ 83,025	$ 83,709
2. Insurance	16,712	16,850
3. IT Support	8,584	8,655
4. Leased Equipment & Vehicles	21,640	21,819
5. Repairs & Maintenance	23,874	24,071
6. Provider Tax	75,606	76,229
7. Utilities	29,067	29,306
8. Transportation & Travel	15,981	16,113
9. Communications	10,506	10,592
10. Miscellaneous	164,355	165,712
Total Other Expenses	**$ 449,350**	**$ 453,056**

Attachment B - Economic Feasibility - F1

Balance Sheet and Income Statement

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Financial Statements

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

LBMC MAKE A GOOD BUSINESS BETTER

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

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Consolidated Statements of Operations and Changes in Net Assets (Deficit)	4
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LBMC MAKE A GOOD BUSINESS BETTER

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Open Arms Care Corporation Inc., and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Open Arms Care Corporation Inc., and Affiliates (collectively the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Open Arms Care Corporation Inc., and Affiliates as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 14-15 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and cash flows of the individual companies. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

LBMC, PC

Brentwood, Tennessee
February 23, 2017

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Balance Sheets

December 31, 2016 and 2015

Assets

	2016	2015
Current assets:		
Cash and cash equivalents	$ 3,398,645	$ 3,549,844
Funds held in custody for others	353,022	408,915
Patient accounts receivable, less allowance for doubtful accounts of approximately $89,000 in 2016 and 2015	3,814,893	3,335,673
Prepaid expenses and other current assets	264,017	114,277
Total current assets	7,830,577	7,408,709
Property and equipment, net	29,010	13,305
Other Assets:		
Other long-term assets	173,429	44,360
Notes receivable	1,914,895	1,914,895
Total other assets	2,088,324	1,959,255
Total assets	$ 9,947,911	$ 9,381,269

Liabilities and Net Assets (Deficit)

Current liabilities:		
Accounts payable and accrued expenses	$ 954,990	$ 731,906
Funds held in custody for others	353,022	408,915
Accrued rent expense	3,396,412	2,131,415
Accrued salaries and benefits	868,776	710,118
Accrued interest	20,000	20,000
Total current liabilities	5,593,200	4,002,354
Long-term debt	2,000,000	2,000,000
Deferred gain on sale-leaseback transaction	2,993,018	4,490,938
Total liabilities	10,586,218	10,493,292
Net deficit	(638,307)	(1,112,023)
Total liabilities and net deficit	$ 9,947,911	$ 9,381,269

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets (Deficit)

Years ended December 31, 2016 and 2015

	2016	2015
Unrestricted revenues:		
Net patient service revenues	$ 43,216,565	$ 39,099,602
Investment income	21,469	45,024
Net special events revenue	24,386	24,299
Other revenues	53,019	134,621
Total unrestricted revenues	43,315,439	39,303,546
Expenses:		
Salaries and wages	23,047,918	22,436,496
Employee benefits	4,242,309	4,161,858
Professional services	1,582,597	1,810,130
Supplies	4,630,525	4,651,741
Maintenance and repairs	587,440	603,660
Utilities	686,144	679,885
Insurance	522,538	520,503
Depreciation and amortization	6,067	418,026
Interest expense	240,818	403,840
Gain on disposal of property and equipment	(5,575)	(7,330)
Taxes and licenses	2,438,084	2,270,324
Provision for doubtful accounts	40	333
Rent	3,481,279	2,724,706
Amortization of deferred gain	(1,497,920)	(1,274,622)
Management fee and related costs of operations	2,879,459	2,190,610
Total expenses	42,841,723	41,590,160
Excess of revenues over expenses (expenses over revenues)	473,716	(2,286,614)
Net assets (deficit) at beginning of year	(1,112,023)	1,174,591
Net deficit at end of year	$ (638,307)	$ (1,112,023)

See accompanying notes to the consolidated financial statements.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Excess of revenues over expenses (expenses over revenues)	$ 473,716	$ (2,286,614)
Adjustments to reconcile excess revenues over expenses (expenses over revenues) to net cash used by operating activities:		
Net losses on investments and trusteed funds	-	10,785
Depreciation and amortization	6,067	418,026
Provision for doubtful accounts	40	333
Gain on disposal of property and equipment	(5,575)	(7,330)
Amortization of deferred gain	(1,497,920)	(1,274,622)
(Increase) decrease in operating assets:		
Patient accounts receivable	(479,260)	125,367
Prepaid expenses and other current assets	(149,740)	(63,620)
Other assets	(129,069)	(15,185)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	223,084	40,938
Accrued rent expense	1,264,997	2,131,415
Accrued salaries and benefits	158,658	(73,469)
Accrued interest	-	(214,698)
Net cash used by operating activities	(135,002)	(1,208,674)
Cash flows from investing activities:		
Proceeds from the sale of investments and trusteed funds, net	-	1,791,252
Proceeds from the sale of property and equipment	5,575	7,741
Purchase of property and equipment	(21,772)	-
Net cash provided (used) by investing activities	(16,197)	1,798,993
Cash flows from financing activities:		
Proceeds from long-term debt	-	2,000,000
Principal payments of long-term debt	-	(25,683)
Cash paid for transaction costs related to sale-leaseback transaction	-	(391,726)
Net cash provided by financing activities	-	1,582,591
Increase (decrease) in cash and cash equivalents	(151,199)	2,172,910
Cash and cash equivalents at beginning of year	3,549,844	1,376,934
Cash and cash equivalents at end of year	$ 3,398,645	$ 3,549,844
Supplemental disclosure of cash flow information -		
Cash paid for interest	$ 240,818	$ 618,538
Noncash activity related to sale-leaseback transaction:		
Issuance of note receivable	$ -	$ (1,914,895)
Decrease in trusteed funds	-	2,625,141
Proceeds from sale of property and equipment	-	11,514,298
Repayment of long-term debt	-	(11,716,068)
Transaction costs	-	(508,476)
	$ -	$ -

See accompanying notes to the consolidated financial statements.

(1) Organization

The accompanying consolidated financial statements of Open Arms Care Corporation Inc., and Affiliates (collectively the "Company") include the transactions and accounts of Open Arms Care Corporation, Inc., Open Arms Care Foundation ("Foundation"), and Open Arms Health System, LLC ("Clinic").

Open Arms Care Corporation, Inc. operates intermediate care facilities for persons with intellectual and developmental disabilities. The facilities are located in Chattanooga, Knoxville, Memphis, and Nashville, Tennessee. In 2005, the Foundation was formed to support non-Medicaid allowable expenses and capital projects through charitable donations for the benefit of the Open Arms Care Corporation, Inc.'s clients. In 2013, Open Arms Health System, LLC ("OAHS") was formed to provide routine clinic services to the clients and employees of Open Arms Care Corporation, Inc. In 2016, the Company executed leases for nine new homes which are due to be put into operation in 2017. The rent amounts for the nine new homes are subject to final construction costs and the associated annual debt service payable by the landlord.

(2) Summary of significant accounting policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of Open Arms Care Corporation, Inc., Open Arms Care Foundation, Inc., and Open Arms Care Health Services, LLC. All significant intercompany accounts and transactions have been eliminated.

(b) Cash and cash equivalents

The Company considers cash and highly liquid investments having a maturity date at acquisition of 90 days or less to be cash and cash equivalents.

(c) Property and equipment

Property and equipment are stated at cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Buildings and improvements are generally depreciated over ten to twenty five years and vehicles over three to five years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(d) Deferred gain on sale-leaseback

The deferred gain is being amortized over the life of the leases as discussed at Note 13.

(e) Performance indicator

The revenues over expenses (expenses over revenues) as reflected in the accompanying statements of operations is a performance indicator.

(f) Federal income taxes

Open Arms Care Corporation, Inc. is an organization recognized as exempt from federal income tax under Section 501(c)(3) and as a public charity under Section 509(a)(1) and as a hospital described in Section 170(b)(1)(A)(iii). Open Arms Care Foundation is an organization recognized as exempt from federal income tax under 501(c)(3) and as a public charity under Section 509(a)(1) and as a publicly supported organization under Section 170(b)(1)(A)(vi). The Internal Revenue Service has determined that the Company is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Open Arms Health System, LLC is a single member limited liability company and for tax purposes, is treated as a disregarded entity of Open Arms Care Corporation, Inc.

Under generally accepted accounting principles, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax purposes not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no material uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

As of December 31, 2016, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company files Federal Form 990 informational tax returns. The Company is currently open to audit under the statute of limitations for years ended December 31, 2013 through 2016.

(g) Revenue recognition

Net patient service revenue is recognized at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

(h) Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Reclassifications

Certain reclassifications have been made to the 2015 consolidated financial statements in order to conform to the 2016 presentation. These reclassifications have no effect on the excess of expenses over revenues or net assets as previously reported.

(j) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2016 and February 23, 2017, which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

(3) Credit risk

The Company may maintain cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

(4) Medicaid program

Services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Company is reimbursed at a rate determined prospectively based on its filed cost reports. Final determination of amounts to be received is subject to audit by Medicaid.

The State of Tennessee passed legislation, effective July 1, 1994, which imposed a provider tax on Intermediate Care Facilities for persons with intellectual and developmental disabilities at a rate of 6% of gross receipts, as defined. During 2008, this rate was reduced to 5.5%. The consolidated statements of operations include approximately $2,353,000 and $2,156,000 of Tennessee provider tax expense for 2016 and 2015, respectively.

Substantially all net patient service revenues in 2016 and 2015 relate to services provided to patients covered by the Medicaid program. Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. The Company believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicaid program.

(5) Note receivable

In 2015, the Company received a promissory note receivable for $1,914,895 from Woodbine Community Organization, Inc. ("Woodbine") in connection with the sale-leaseback transaction discussed at Note 13. Interest was paid in semi-annual installments at a fixed rate of 1%, which was reduced to 0% effective November 1, 2016. Principal on the note is to be paid on April 27, 2030. The note is subject to certain principal payment requirements or conditions as defined in the agreement. The Company recognized interest income of $16,489 and $14,362 in 2016 and 2015, respectively, that is included in investment income in the consolidated statements of operations.

(6) Long-term debt

Long-term debt consists of the following:

	2016	2015
Note payable to related party; monthly interest only payments at 12% per annum with principal due September 30, 2022.	$ 2,000,000	$ 2,000,000

In 2015, the Company borrowed $2,000,000 at a fixed interest rate equal to 12% per annum from Integra Resources, LLC ("Integra"). The note is secured by substantially all assets of the Company and is subordinated to certain required rent payments discussed in Note 13. The note is payable in monthly interest-only payments with principal due September 30, 2022. Should the management agreements be extended (see Note 10), the due date of this note is automatically extended to the termination date of the management agreement. The note is subject to a call provision should the management agreement be terminated and would be due in 16 monthly installments starting 30 days after such termination.

In 2015, the Company entered into a $1,000,000 revolving line of credit with Integra. Borrowings bear interest at a fixed rate equal to 8% per annum. The line of credit is payable in monthly interest-only payments with principal due September 30, 2022. The note is secured by substantially all assets of the Company and is subordinated to certain required rent payments discussed in Note 13. The line of credit is subject to a call provision should the management agreement be terminated and would be due 30 days after such termination. The Company had no outstanding borrowings on the line of credit as of December 31, 2016 and 2015.

(7) Investment income

Investment income during 2016 and 2015 was comprised of the following:

	2016	2015
Interest and dividends	$ 21,469	$ 55,809
Realized gain	-	128,558
Change in unrealized loss	-	(139,343)
	$ 21,469	$ 45,024

(8) Commitments and Contingencies

Operating Lease Commitments

Future minimum annual rental payments under noncancelable operating lease and service agreements, excluding the facility leases discussed in Note 13, as of December 31, 2016 are as follows:

Year	
2017	$ 417,000
2018	126,000
2019	78,000
2020	9,000
2021	7,000
	$ 637,000

Total rental expense under noncancelable operating leases and service agreements, which includes amounts applicable to short-term leases, was approximately $882,000 and $874,000 for 2016 and 2015, respectively. The expense is higher than the future commitments due to vehicle leases that have cancellation features at the Company's option.

Healthcare Regulation

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Healthcare Reform

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the "Health Care Reform Legislation"). The Health Care Reform Legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Provisions of the Health Care Reform Legislation became effective in 2014. Due to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding health care policies. Changes to existing Medicaid coverage and payments are also expected to occur as a result of this legislation. While the full impact of Health Care Reform Legislation is not yet fully known, changes to policies regarding reimbursement, universal health insurance and managed competition may materially impact the Company's operations.

Insurance

The Company maintains claims made basis professional and occurrence basis general liability insurance for primary coverage. The Company also maintains excess insurance coverage.

Litigation

The Company is subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the Company's financial position.

(9) Related party transactions

The Company incurred professional fees and expenses totaling approximately $8,000 and $33,000 in 2016 and 2015, respectively, for services provided by certain board members.

(10) Management agreement

Concurrent with the sale-leaseback transaction (see Note 13), the Company borrowed $2,000,000 and entered into a management agreement with Integra. See Note 6 for terms of the $2,000,000 borrowing. The management agreement provides general management services to all facilities. The management agreement expires on March 31, 2024 with automatic extensions up to seven years. Integra charges a management fee that is a combination of a fixed monthly fee per facility, 5% of the OAHS gross revenues and the salary and expenses of the facility directors. For the years ended December 31, 2016 and 2015, Integra charged management fees and related costs of operations of $2,879,459 and $2,190,610, respectively, to the Company.

(11) Functional expenses

The Company provides intermediate care services to individuals with intellectual and developmental disabilities within certain geographic locations. Expenses related to providing these services are as follows:

	2016	2015
Intellectual and developmental services	$ 38,342,575	$ 37,310,068
General and administrative	4,473,800	4,262,255
Fundraising	25,348	17,837
	$ 42,841,723	$ 41,590,160

(12) Retirement plan

The Company has a defined contribution 403(b) retirement plan for employees who have two years of service. For the years ended December 31, 2016 and 2015, the Company contributed approximately 1.0% of each participants' compensation, subject to Internal Revenue Code limitations. The Company contributed approximately $146,000 and $145,000 to the plan in 2016 and 2015, respectively.

(13) Sale-leaseback transaction

During April 2015, the Company sold substantially all of its property and equipment to an unrelated party for approximately $11.5 million. The Company received cash of approximately $9.6 million and a note receivable for $1.9 million (see Note 5). The Company used the cash proceeds and certain trusteed funds to retire substantially all of the Company's long-term debt. The gain, which was net of transaction costs, was approximately $5,765,000, has been deferred and is being recognized over the term of the lease in proportion to certain rental payments as discussed below. In conjunction with the transaction, the Company entered into individual lease agreements to leaseback the property and equipment from the buyer. The leases are for terms of 15 years and can be extended at the option of the Company for two additional 5 year terms.

Rent expense under these leases totaled approximately $3,481,000 and $2,725,000 during 2016 and 2015, respectively. The lease agreements allow for certain property improvements to be passed along to the Company as incremental increases in rent payments. For the years ended December 31, 2016 and 2015, the Company expensed approximately $230,000 and $11,000, respectively, in additional rent related to property improvements. A summary of approximate future lease payments under the leases and related amortization of the deferred gain as of December 31, 2016 is as follows:

		Amortization		
Years	Rent	Gain	Transaction Costs	Total
2017	$ 2,881,000	$ (1,363,000)	$ 184,000	$ (1,179,000)
2018	2,197,000	(928,000)	125,000	(803,000)
2019	1,618,000	(581,000)	79,000	(502,000)
2020	989,000	(195,000)	26,000	(169,000)
2021	791,000	(93,000)	12,000	(81,000)
Thereafter	4,450,000	(300,000)	41,000	(259,000)
	$ 12,926,000	$ (3,460,000)	$ 467,000	$ (2,993,000)

As of December 31, 2016 and 2015, there was approximately $3,396,000 and $2,131,000, respectively, of rent payments accrued on the consolidated balance sheet. These amounts are paid subsequent to the annual cost report filing for the Company. Should there be changes to the allowed facility rental reimbursement in the annual cost report, there are remedies within the lease agreements that permit changes to the rent payments subject to an annual floor as defined in the agreements.

The Company has implemented a plan to replace substantially all facilities over a five year period. The rent payments are structured to match the expected facility replacement at each location and the related reimbursement. As the facilities are replaced, the lease agreements discussed above are subject to termination and the Company will enter into new leases related to the replacement facilities. Based on management's plans to replace all facilities over the next five years and the expected termination of the leases discussed above, the rent expense is being recognized when due, rather than on a straight-line basis over 15 years. The related deferred gain on the sale-leaseback is being amortized in a similar manner.

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Balance Sheet

December 31, 2016

	Chattanooga	Greeneville	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Current Assets:											
Cash and cash equivalents	$ 4,000	$ -	$ 5,000	$ 5,000	$ 5,000	$ 2,997,789	$ 3,016,789	$ 89,622	$ 3,106,411	$ 292,234	$ 3,398,645
Funds held in custody for others	95,559	-	54,792	47,478	155,193	-	353,022	-	353,022	-	353,022
Patient accounts receivable, net	959,233	522	962,739	1,014,733	845,420	32,246	3,814,893	-	3,814,893	-	3,814,893
Prepaid expenses and other current assets	53,403	800	47,737	4,383	8,938	148,756	264,017	-	264,017	-	264,017
Total current assets	1,112,195	1,322	1,070,268	1,071,594	1,014,551	3,178,791	7,448,721	89,622	7,538,343	292,234	7,830,577
Property and equipment, net	-	-	6,566	5,245	17,199	-	29,010	-	29,010	-	29,010
Other assets:											
Other long-term assets	15,151	100,863	38,880	14,360	3,675	500	173,429	-	173,429	-	173,429
Notes receivable - noncurrent portion	-	-	-	-	-	1,914,895	1,914,895	-	1,914,895	-	1,914,895
Total other assets	15,151	100,863	38,880	14,360	3,675	1,915,395	2,088,324	-	2,088,324	-	2,088,324
Total assets	$ 1,127,346	$ 102,185	$ 1,115,714	$ 1,091,199	$ 1,035,425	$ 5,094,186	$ 9,566,055	$ 89,622	$ 9,655,677	$ 292,234	$ 9,947,911
Current liabilities:											
Accounts payable and accrued expenses	$ 177,676	$ 303	$ 229,639	$ 187,037	$ 207,579	$ 142,410	$ 944,644	$ -	$ 944,644	$ 10,346	$ 954,990
Funds held in custody for others	95,559	-	54,792	47,478	155,193	-	353,022	-	353,022	-	353,022
Accrued rent expense	584,614	-	877,288	1,225,045	709,465	-	3,396,412	-	3,396,412	-	3,396,412
Accrued salaries and benefits	249,582	-	209,177	202,015	205,803	2,199	868,776	-	868,776	-	868,776
Accrued interest	-	-	-	-	-	20,000	20,000	-	20,000	-	20,000
Total current liabilities	1,107,431	303	1,370,896	1,661,575	1,278,040	164,609	5,582,854	-	5,582,854	10,346	5,593,200
Intercompany payable/(receivable)	(1,910,245)	101,882	119,243	(443,077)	(1,149,684)	3,281,881	-	-	-	-	-
Long-term debt	-	-	-	-	-	2,000,000	2,000,000	-	2,000,000	-	2,000,000
Deferred gain on leaseback	-	-	-	-	-	2,993,018	2,993,018	-	2,993,018	-	2,993,018
Total liabilities	(802,814)	102,185	1,490,139	1,218,498	128,356	8,439,508	10,575,872	-	10,575,872	10,346	10,586,218
Net assets (deficit), unrestricted	1,930,160	-	(374,425)	(127,299)	907,069	(3,345,322)	(1,009,817)	89,622	(920,195)	281,888	(638,307)
Total liabilities and net assets (deficit)	$ 1,127,346	$ 102,185	$ 1,115,714	$ 1,091,199	$ 1,035,425	$ 5,094,186	$ 9,566,055	$ 89,622	$ 9,655,677	$ 292,234	$ 9,947,911

See accompanying independent auditors' report

OPEN ARMS CARE CORPORATION INC., AND AFFILIATES

Supplemental Schedule - Consolidating Statement of Operations and Changes in Net Assets (Deficit)

For the year ended December 31, 2016

	Chattanooga	Greeneville	Knoxville	Memphis	Nashville	Headquarters	Subtotal Open Arms Care Corporation	Open Arms Health System, LLC	Total Open Arms Care Corporation	Open Arms Care Foundation	Total Consolidated Open Arms Care Corporation
Unrestricted revenue:											
Net patient services revenue	$ 11,139,083	$ -	$ 10,990,565	$ 11,150,105	$ 9,936,812	$ -	$ 43,216,565	$ -	$ 43,216,565	$ -	$ 43,216,565
Investment income	-	-	-	-	-	21,469	21,469	-	21,469	-	21,469
Net special events revenue	-	-	-	-	-	-	-	-	-	24,386	24,386
Intercompany revenue	3,000	-	11,872	17,003	12,941	-	44,816	-	44,816	(44,816)	-
Other revenues	1,151	-	-	-	1,809	37	2,997	-	2,997	50,022	53,019
Total unrestricted revenues	11,143,234	-	11,002,437	11,167,108	9,951,562	21,506	43,285,847	-	43,285,847	29,592	43,315,439
Expenses:											
Salaries and wages	5,972,078	-	5,933,067	5,749,542	5,223,020	170,211	23,047,918	-	23,047,918	-	23,047,918
Employee benefits	1,189,849	-	1,150,693	966,826	919,733	15,208	4,242,309	-	4,242,309	-	4,242,309
Professional services	205,002	-	304,802	585,549	271,109	215,085	1,581,547	-	1,581,547	1,050	1,582,597
Supplies	1,087,170	-	1,089,807	1,072,219	1,075,149	312,303	4,636,648	-	4,636,648	(6,123)	4,630,525
Maintenance and repairs	134,356	-	179,645	136,337	136,271	831	587,440	-	587,440	-	587,440
Utilities	183,388	-	159,503	153,809	188,945	499	686,144	-	686,144	-	686,144
Insurance	123,613	-	128,085	118,064	122,202	30,574	522,538	-	522,538	-	522,538
Depreciation and amortization	-	-	827	667	4,573	-	6,067	-	6,067	-	6,067
Interest expense	114	-	229	419	56	240,000	240,818	-	240,818	-	240,818
Gain on disposal of property and equipment	-	-	(4,875)	(700)	-	-	(5,575)	-	(5,575)	-	(5,575)
Taxes and licenses	621,507	-	612,592	618,385	557,150	27,854	2,437,488	410	2,437,898	186	2,438,084
Provisions for doubtful accounts	-	-	-	20	20	-	40	-	40	-	40
Rent	640,474	-	869,907	1,228,799	742,099	-	3,481,279	-	3,481,279	-	3,481,279
Management fee and related costs of operations	684,331	-	684,948	739,094	771,086	-	2,879,459	-	2,879,459	-	2,879,459
Amortization of deferred gain	-	-	-	-	-	(1,497,920)	(1,497,920)	-	(1,497,920)	-	(1,497,920)
Intercompany expense	247,767	-	247,762	247,767	247,765	(991,061)	-	-	-	-	-
Total expenses	11,089,649	-	11,356,992	11,616,797	10,259,178	(1,476,416)	42,846,200	410	42,846,610	(4,887)	42,841,723
Increase (decrease) in net assets (deficit)	53,585	-	(354,555)	(449,689)	(307,616)	1,497,922	439,647	(410)	439,237	34,479	473,716
Net assets (deficit) at beginning of year	1,876,575	-	(19,870)	322,390	1,214,685	(4,843,244)	(1,449,464)	90,032	(1,359,432)	247,409	(1,112,023)
Net assets (deficit) at end of year	$ 1,930,160	$ -	$ (374,425)	$ (127,299)	$ 907,069	$ (3,345,322)	$ (1,009,817)	$ 89,622	$ (920,195)	$ 281,888	$ (638,307)

See accompanying independent auditors' report

Affidavit

OCT 13 '17 PM4:25

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Williamson

George Stevens, being first duly sworn, says that he is an authorized representative of the applicant named in this application, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.,* and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

CEO

SIGNATURE/TITLE

Sworn to and subscribed before me this 13th day of October, 2017 a Notary Public in and for the County/State of Williamson, Tennessee.

Denise Ann Paine

NOTARY PUBLIC

My commission expires 8-27-19 (Month), (Year).

DENISE ANN PAINE
STATE OF TENNESSEE NOTARY PUBLIC
WILLIAMSON COUNTY

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

November 1, 2017

Michael Brent, Attorney
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application – Open Arms Care Corporation- CN1710-031
The relocation of an 8 licensed bed ICF/IID home from 1445 Greendale Avenue, Memphis (Shelby County), TN to an unaddressed site located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), TN 38002. The proposed site is the east half of the parcel described as Parcel B014800061 in the records of the Shelby County Tax Assessor. The service area consists of Shelby County. The applicant is owned by Open Arms Care Corporation. **The estimated project cost is $3,370,000.**

Dear Mr. Michael Brent:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Theresa C. Sloan at the Tennessee Department of Intellectual and Developmental Disabilities for Certificate of Need review by the Office of General Counsel. You may be contacted by Ms. Sloan or someone from her office for additional clarification while the application is under review by the Department. Ms. Sloan's contact information is Teresa.C.Sloan@tn.gov or 615-253-8731.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 30-day review cycle for **CONSENT CALENDAR** for this project will begin on November 1, 2017. The first (30) days of the cycle are assigned to the Department of Intellectual and Developmental Disabilities, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the thirty (30)-day period, a written report from the Department of Intellectual and Developmental Disabilities or its representative will be forwarded to this office for Agency review within the thirty (30) day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on December 13, 2017.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

(2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill
Executive Director

cc: Theresa Sloan, Assistant Commissioner and General Counsel
Intellectual and Developmental Disabilities

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

OCT 10 2017 PM 3:50

LETTER OF INTENT

The Publication of Intent is to be published in The Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before October 10, 2017, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Open Arms Care Corporation, a Georgia non-profit corporation qualified to do business in Tennessee, intends to file an application for a Certificate of Need for the replacement and relocation of an eight-person Intermediate Care Facility for Individuals with Intellectual Disabilities ("ICF/IID"), managed by Integra Resources, LLC, a Tennessee limited liability company. The facility is currently located at 1445 Greendale Avenue, Memphis (Shelby County), Tennessee 38127, and will be relocated to a lot of approximately 4.25 acres, which does not currently have a separate street address, such lot being the east half of the approximately 8.5 acres located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, and also described as Parcel B0148 00061 in the records of the Shelby County Tax Assessor. The estimated project cost is $3,370,000.00.

The anticipated filing date of the application is on or before October 13, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is mbrent@bradley.com.

(Signature)	Oct. 10, 2017 (Date)	mbrent@bradley.com (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1

Opens Arms Care Corporation SW (East half)

CN1710-031

Supplemental #1
October 30, 2017
8:51 am

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

October 27, 2017

Michael Brent
Attorney
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application CN1710-031
Open Arms Care

Dear Mr. Brent:

This will acknowledge our October 13, 2017 receipt of your application for a Certificate of Need for the relocation of an 8 licensed bed ICF/IID home from 1447 Greendale Avenue, Memphis (Shelby County), TN to an unaddressed site located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), TN 38002. The proposed site is the east half of the parcel described as Parcel B014800061 in the records of the Shelby County Tax Assessor.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Friday October 27, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section A, Executive Summary, (A) Overview (1) Description**

   What is the distance from the existing ICF/IID site to the proposed ICF/IID site?

   Response: The distance from the existing ICF/IID site to the proposed ICF/IID site is approximately 12.4 miles, or 25 minutes.

   Please discuss in detail the activities of a typical day for a resident of an ICF/IID home.

   Response: Depending on the resident and his or her medical needs, residents will receive assistance meeting hygiene requirements, specialized dietary services, physical therapy, and assistance with activities of daily living, as well as physical, occupational, and behavioral therapies. The overall goal is to provide the combination of an environment and services that will enrich their quality of life and sense of community.

A typical day for a resident of an ICF/IID home begins with personal hygiene activities and breakfast, followed by programming such as habilitation and active treatment (physical therapy, vocational therapy, socialization, etc.), sometimes at a day center if prescribed in the resident's ISP. A resident's acuity level determines whether or not required physical therapy or occupational therapy takes place in the facility or in a different location.

Please clarify if the applicant will provide care to residents who are medically fragile. If so, how will this home be equipped to provide adequate medical care?

Response: The Applicant will be providing care to many medically fragile residents. Medically fragile residents tend to require more hours from registered and licensed practical nurses. In addition, the Applicant will equip the proposed facility with wheelchairs required to facilitate some client's mobility. The Applicant, however, notes that a client's changing condition or a new admission could require the Applicant to have equipment similar to that found in skilled nursing facilities such as hospital beds, wheelchairs, respirators, incubators and tube feeding equipment.

The applicant lists the location of the current ICF/IID home subject to this application as 1447 Greendale Drive, Memphis, TN. However, the Department of Intellectual and Developmental Disabilities list sites at 1445 Greendale Avenue and 1457 Greendale Avenue only. Please clarify.

Response: Though the Greendale Avenue street name in the application was correct, the application incorrectly listed the street number as 1447. The current address of the ICF/IID facility discussed in this application is 1457 Greendale Avenue. Please see R-2 in Supplemental Attachment – Replacement Pages for the correction of the address' street number in the Executive Summary.

What are the advantages of being licensed as an 8 bed ICF/IID home over being licensed as a 4 bed ICF/IID home?

Response: An 8-bed ICF/IID provides the same services as a 4-bed ICF/IID home but presents less of a strain on the Medicaid system, which is trying to contain ICF/IID costs. Larger facilities permit "economies of scale" with respect to a variety of categories ranging from expenses for supplies to staffing. Consequently, the daily rate for 8-bed facilities is generally less than that charged for 4-bed ICF/IID facilities. For example, the Life Bridges CON referenced below notes an anticipated per diem charge of $636.30 in Year 1 while the Applicant anticipates a $537.45 per diem charge in Year 1.

Please indicate what the plans are for the current ICF/IID facility if this application for relocation is approved.

Response: The Applicant does not have any input with respect to the plans for the building where the current ICF/IID facility is located, as it is leased from a non-profit housing organization that provides affordable and special needs housing. On transfer of services to a new facility following approval of this application, the owner of the current facility location will utilize the property for its programs or dispositions.

Please provide a brief overview of Open Arms Care Day Services Program located at 5120 Yale Road, Memphis, TN.

Response: The habilitation care model for most Open Arms Care Corporation ("Open Arms") clients is to leave the residential facility on weekdays to attend habilitation and therapeutic programming according to an individual plan of care. This gives clients a more normalized routine pattern akin to school or work attendance. The day program facilities have special program enrichment spaces for therapies, which include but are not limited to, physical, occupational, recreational, social, family, artistic, hydro and Snoezzelen, where clients are placed in a soothing and sense-stimulating environment, therapies that are not available in the group homes. Clients are generally at the day program for five to six hours each day.

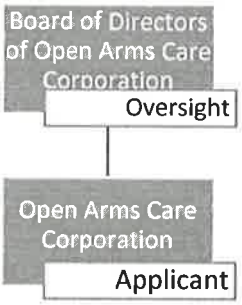
2. **Section A, Executive Summary, (A) Overview (2) Ownership Structure**

What is the relationship between Open Arms Care and WCO AL DP LLC, a subsidiary of affordable housing nonprofit Woodbine Community Organization of Nashville?

Response: WCO AL DP, LLC ("WCO") and Open Arms have no relationship beyond a contractual relationship in which Open Arms Care Corporation operates all of its current facilities pursuant to leases from WCO of the associated buildings and land. Please note that WCO is not involved in the proposed project, as Open Arms Care Corporation will lease the proposed facilities from Facilities Development Group, LLC ("FDG"), with which Open Arms Care Corporation previously had no relationship. Due to the proposed project, however, FDG and Open Arms Care Corporation now have a contractual relationship due to the Option to Lease associated with the proposed facility locations.

Please provide an organizational chart of Open Arms Care.

Response: As noted on page 2 of the application, Open Arms is a nonprofit corporation. Consequently, Open Arms is owned neither by another entity nor by individuals. Instead, Open Arms has a board of directors, which consists of six individuals, who oversee the entity's affairs. Note that, unlike some multi-facility providers, each facility operated by Open Arms is operated directly by Open Arms, without the use of subsidiary entities. Please see the chart below illustrating solely the operation of Open Arms.



3. **Section A, Executive Summary, (B) Rationale for Approval (1) Need**

It is noted by the applicant the current facility is located in a neighborhood that has experienced a substantial shift in character since the facility opened. Please discuss the substantial shift in character.

Response: When the facility was initially built in its current location, the neighborhood was decidedly residential, with many owner-occupied homes. Over the course of the last few decades, the neighborhood has seen a significant increase in the crime rate as the character of the neighborhood has shifted, now seeing significantly more rental and transitory usage, as well as high levels of vacancies. There are vacant, boarded up houses on the street that are being used by gangs and the homeless as gathering places. Furthermore, the facility is across the street from a schoolyard that serves as a gathering place for students at all hours. These factors present an ever-growing public safety concern for both the Applicant's staff and the residents of the facility.

4. **Section A, Project Details, Item 5 Management Agreement**

Please clarify if the management agreement is tied to the lease agreement. If so, please clarify if a new management agreement is required for the new site.

Response: Yes, the management agreement is specific to the lease agreement and a new management agreement will be executed for this site provided the application is approved.

The draft management agreement is noted. However, the management fee on page 10 of the provided management agreement is left blank. Please provide page 10 of the management agreement that includes the management fee. Also, please provide the anticipated term of the management agreement.

Response: The management fee will be $6,130 per month and the term of the management agreement will be 7 years, with an extension option. Please see Supplemental Attachment – Revised Management Agreement.

The management agreement mentions WCO AL DP, LLC as landlord on page 2 of the management agreement. However, WCO AL DP, LLC is not mentioned as part of the project in Phase I, Phase II, or Phase III of the project development. Please clarify.

Response: WCO AL DP, LLC was included in error, please find a revised management agreement attached at Supplemental Attachment – Revised Management Agreement.

Is there a current existing management agreement? If yes, how does that differ from the proposed agreement?

Response: The existing management agreement is quite similar to the proposed management agreement except for differences in length of term and amount.

5. **Section A, Project Details, Item 6.B (1) Plot Plan**

The plot plan is noted. However, please provide a revised plot plan that clearly provides the name of streets that cross or border the site, location of the structure on the site, and size of the site in acres.

Response: Please see Supplemental Attachment – Revised Plot Map.

6. **Section A, Project Details, Item 6.B (2) Floor Plan**

Please clarify the location of the emergency generator for the proposed ICF/IID.

Response: The emergency generator will be located behind the pantry. Please see the revised floor plan showing the general location in Supplemental Attachment – Revised Floor Plan.

Please indicate if there will be any outside storage buildings. If so, where will those be located?

Response: There will be no outside storage buildings. The Applicant plans to have storage areas in the garage, as shown on the floor plan.

Please discuss why the alternative of establishing 2 4-bed homes wasn't considered.

Response: Based on its understanding of the reimbursement rates of 4-bed and 8-bed homes and TennCare's concern about containing ICF/IID cost, the Applicant decided that 8-bed homes were more appropriate than 4-bed homes for the proposed replacement project. As noted above 8-bed homes are more cost-effective than 4-bed homes. Additionally, as a TennCare provider with established costs, the Applicant wanted to maintain the currents economics of the Medicaid system as much as possible. Finally, the client population in the Applicant's homes is not as appropriate for the smaller, 4-bed homes, which are better suited for more active or behavior-challenged clients.

It is noted there will be 2 fully accessible bathrooms in the proposed ICF/IID home. A similar project (Life Bridges, Inc.-CN1706-019A) for the relocation of a 6 licensed bed ICF/IID home approved by the Agency in August 2017 more than doubled the number of accessible resident restrooms from two at the former ICF/IID home to five at the approved ICF/IID home. Life Bridges, Inc. in their application noted behavioral issues often stem from six residents having to share two restrooms. Please clarify why the applicant will not encounter similar issues and why there are not more than 2 full bathrooms for 8 residents.

Response: Clients receiving ICF/IID services vary greatly in terms of acuity level and ambulatory mobility. The Applicant's residents tend to fall into the lower range for both. That is, its residents tend to have higher acuity levels and decreased ambulatory mobility. The Applicant's residents generally require staff assistance for bathroom use of any type (some have lift tracks) and many clients are not ambulatory or have bedside hygiene and toileting attendance as needed. As a result, the four bathrooms available in the Applicant's older homes are underutilized due to low demand. In sum, the Applicant will not encounter the similar behavioral issues because residents' physical constraints restrict their autonomy of movement and facility staff can institute and maintain a bathroom schedule.

Also, in the project Life Bridges, Inc.-CN1706-019A, the new relocated home (5,335 SF) provided each resident with their own bedroom. What are the advantages of semi-private rooms over private rooms in ICF/IID homes?

Response: As previously noted, the acuity levels of the Applicant's residents tend to be higher, so semi-private rooms allow direct care staff to monitor two residents simultaneously. Given that the Applicant's residents are less ambulatory and require more care from staff including for hygiene and toileting needs, reducing the length of time it would take to check in on residents is an important concern and advantage when comparing an 8-bed home to a 4-bed home. In the context of the Applicant's residents' needs, semi-private rooms better enable the Applicant to ensure that quality

care is delivered to each resident. Moreover, with residents having limited mobility, sharing a room can possibly provide emotional support, even if only subconsciously, to those residents who are more restricted in their movements.

Please complete the following table for ICD/IID homes in Shelby County.

Response:

Home	# Beds	# Private Beds	# Semi-Private	# Restrooms	
				Full	Half
Allendale Drive Home 1	8	0	8	4	1
Allendale Drive Home 2	8	0	8	4	1
Benjestown Home 1	8	0	8	4	1
Benjestown Home 2	8	0	8	4	1
Greendale Home 1	8	0	8	4	1
Greendale Home 2	8	0	8	4	1
Raleigh Millington Home 1	8	0	8	4	1
Raleigh Millington Home 2	8	0	8	4	1
Total	64	0	64	32	8

7. **Section A, Project Details, Item 9 Medicaid/TennCare Participation**

It is noted the project is 96% funded by TennCare. If so, please explain the reason the applicant will have no MCO contracts.

Response: There are no provider agreements in ICF/IID programs between providers and TennCare MCO's, as the ICF/IID program is a "carve-out" from the managed care program. ICF/IID providers therefore receive no reimbursement from TennCare MCO's; instead, providers contract directly with TennCare, which reimburses them directly. Individual residents, however, do receive medical coverage for other services through TennCare MCO's due to contractual relationships between each resident and their respective TennCare MCO. Examples of such services include hospital emergency room visits, diagnostic imaging services, and other services not provided by the Applicant. Amerigroup, TennCare Select, BlueCare and UnitedHealthcare Community Plan are the only TennCare MCO's in Shelby County.

What is the source for the remaining 4%?

Response: The remaining 4% comes from residents' SSI benefits.

8. **Section A, Project Details, Item 9 Bed Complement Data**

The Bed Complement Data Chart on page 12 is noted. However, the chart is incorrect. Please indicate there are 8 beds currently licensed and remove the 8 beds from the "Beds Exempted Column" and submit a replacement page 12 (R12).

Response: Please see replacement page R-12 in Supplemental Attachment – Replacement Pages for a revised Bed Complement Chart as well as a revised chart noting the Applicant's outstanding Certificate of Need projects with licensed bed change component.

9. **Section B. Need Item 1. (Project Specific Criteria)**

Please complete a. and b. below.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

For relocation or replacement of an existing licensed health care institution:

a. **The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

Response: As noted in the application, renovation rather than relocation was not deemed a reasonable alternative to the Applicant due to the extensive costs to meet new fire-safety regulations and those which would have been necessary to update the building taken in the context of noted unsafe changes in the neighborhood.

b. **The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.**

Response: There is an acceptable existing and future demand for the proposed project that is demonstrated by the current and historical near full census at the facility. This demand has been relatively stable, so the Applicant does not anticipate future decrease in the demand.

10. **Section B. Need Item B.**

Please describe the relationship of this project to the applicant facility's long-range development plans if any, and how it relates to related previously approved projects of the applicant.

Response: The Applicant is a long time provider of ICF/IID services in Tennessee, and this proposed replacement home is a part of the Applicant's intended systematic replacement of various aging buildings. This replacement home will provide modern

amenities similar to the new homes, located in East Tennessee, that were approved by the Agency for the Applicant in 2016.

11. Section B, Economic Feasibility, Item A. Project Costs Chart

Please indicate how the facility cost of $3,300,000 was calculated in the Project Costs Chart.

Response:

The components of development and construction costs are as follows:

Acquisition of site	77,500
Architectural and engineering fees	35,000
Preparation of site	45,000
Construction costs	775,000
Landscaping and irrigation	25,000
Contingency fund	50,000
Furnishings and equipment	50,000
TOTAL	**$1,057,500**

However, as HDSA rules require the Applicant to use the higher of actual cost or rental costs over the life of a lease, the Applicant has used an estimated facility cost of $3,300,000, which is the estimated average annual rental cost of $110,000 multiplied by the number years in the lease term (30). The Applicant also notes that the new home will be 4,400 square feet, with an estimated construction cost of $775,000, resulting in a cost per square foot of $176.14, which the Applicant believes is a reasonable cost for new construction of an ICF/IID facility in this area.

Please clarify if new furnishings and furniture will be purchased for the proposed home. If so, where are those items accounted for in the Project Costs Chart?

Response: While some furnishings and furniture will be transferred from the existing home to the new home, there will be a substantial amount of new furnishings and furniture purchased for the proposed home, with an estimated cost of $50,000, as noted above.

12. Section B, Economic Feasibility, Item B. Funding

It is noted the cost of the project will be paid through a commercial loan from ServisFirst Bank. However, why is there a need for a loan if there is no initial fund outlay and lease payments will be made over a 30 year period?

Response: The cost to construct and furnish the project will be paid through a commercial loan from ServisFirst Bank to FDG, who will then lease the home to the Applicant. The ServisFirst Bank letter was included to provide evidence of FDG's ability to finance such costs.

If needed, please provide a letter from ServisFirst Bank stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions.

Response: Please see Supplemental Attachment – Funding Documentation for the letter from ServisFirst Bank.

13. Section B, Economic Feasibility, Item D. (Projected Data Chart)

The Projected Data Chart is noted with Year One designated as 2017. However, it appears Year One and Year Two should be 2018 and 2019. If so, please provide a replacement Projected Data Chart.

Response: Please see Supplemental Attachment – Replacement Historical and Projected Data Charts for a revised Projected Data Chart.

Please clarify the reason rent declines from $79,373 in Year One to $54,554 in Year Two in the Projected Data Chart.

Response: The estimated average annual rental cost noted above will be tied to the anticipated principal and interest payments due from FDG to its lender, and the initial principal amount will be related to the costs of construction and development. The currently estimated annual rental cost averages $110,000, but will be higher in early years and less in later years as the outstanding principal balance of that loan decreases. Please also see Supplemental Attachment – Replacement Historical and Projected Data Charts for a revised Projected Data Chart.

It is noted there were losses by the applicant in the Historical Data Chart for the years 2014, 2015, and 2016. Please clarify how the applicant projects net income in Year 2 in the Projected Data Chart for the proposed project.

Response: Prior to 2015 Open Arms was the obligor on its mortgage financing regarding the current facility (as well as numerous of its other facilities). In 2015 Open Arms entered into a sale-leaseback transaction regarding those facilities, which changed how Open Arms paid the occupancy costs for its facilities (as lease payments rather than mortgage payments). However, due to the requirements of the cost-based reimbursement methodology for ICF/IID facilities (including requirements as to the calculation of the depreciation allowance for the landlord's costs in a sale-leaseback transaction), there is a "lag" which results in the changes from mortgage payments to lease payments not appearing until 2016. Please also see Supplemental Attachment – Replacement Historical and Projected Data Charts for a revised Historical Data Chart.

14. Section B, Economic Feasibility, Item E (1) Average Gross Charge, Average Deduction from Operating Revenue, and Average Net Charge

The chart on the top of page 34 is noted. However, it appears the chart is incorrect. Please use the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Historical Data Chart for the previous year, and the Projected Data Chart for Year One and Year 2 of the proposed project. Please revise and submit a revised page 34 (R-34).

Response: Please see R-34 in Supplemental Attachment – Replacement Pages.

15. Section B, Economic Feasibility, Item E (2) Proposed Charges

The applicant calculates the proposed charge schedule of $551.69 per patient day for Year One. However, using the Projected Data Chart, the proposed charge in Year One calculates at $492.00 per day. Please clarify.

Response: As noted above, the cost-based reimbursement methodology for ICF/IID facilities is responsible for the difference in proposed charges. Each year, the Comptroller sets the per diem rate to be charged by ICF/IID providers based on the provider's cost report from the previous year. Consequently, while the Applicant has done its best to estimate the per diem rate of the proposed facility, it does not have control over the rate that will be charged and thus can only do its best to anticipate what the Comptroller-set per diem rate will be based on its experience, which is reflected in the numbers provided. Please also see R-34 in Supplemental Attachment – Replacement Pages.

16. Section B, Economic Feasibility, Item E (3) Proposed Charges

Please compare the proposed charges to other Open Arms Care Corporation ICF/IID homes in Shelby County.

Response: Open Arms' proposed rate is $537.45 per patient day, which is slightly more than the $521.85 average rate charged by Open Arms in Shelby County. The rates charged by Open Arms in its Shelby County facilities are shown in the table below. The slight difference in rates can be explained by the additional fire safety code requirements the proposed home will need to meet as well as an anticipated increase in expenses associated with patient care. Most of the residents have been in the home for many years and are increasing in acuity level as they age. Consequently, Open Arms has to plan the proposed home keeping both current and future needs of the residents in mind, which will impact the cost of operations.

Shelby County 8-Bed ICF Established Per Diem Rate	
Facility	**Rate**
Open Arms 4240 Raleigh Millington Road	$517.78
Open Arms 4254 Raleigh Millington Road	$526.39
Open Arms 1445 Greendale Avenue (Shelby #2)	$512.70
Open Arms 1457 Greendale Avenue (Shelby #1)	$527.05
Open Arms 5350 Benjestown Road	$529.45
Open Arms 5380 Benjestown Road	$520.60

Open Arms 4695 Allendale Drive	$523.19
Open Arms 4707 Allendale Drive	$517.69

Source: Applicant's internal records. Rates are charged per person supported per day and are established by the Tennessee Comptroller of the Treasury.

Please clarify what clinical services are included in the per diem charges.

Response: The per diem charges primarily include daily nursing services with licensed nurses or techs and primary physician services. Specialized care, hospitalizations or ancillary medical care are covered by TennCare.

17. Section B, Economic Feasibility, Item F (2) Net Operating Margin Ratio and F (3) Capitalization Ratio

Please provide the required responses to Item F (2) Net Operating Margin Ratio and F (3) Capitalization Ratio.

Response: Please see below for the Net Operating Margin Ration and the Capitalization Ratio responses. Please also see replacement page R-34 and R-35 in Supplemental Attachment – Replacement Pages.

Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue). Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	.064	-.065	-.040	.029	.024

Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

Response: Using 2016 data, the capitalization ratio for the Applicant is 146.88% after calculating per the formula ((2,000,000/(2,000,000 +(-638,307)))x100 = 146.88%).

18. Section B, Economic Feasibility, Item H

It is noted the applicant will employ nurses and direct support workers in direct patient care positions. However, please clarify how the services of a Qualified MR Professional, Dietician, and Behavior Analyst will be provided to residents.

Response: ICF/IID services contemplate more than nursing level care; there is requirement for "active treatment," meaning individualize programming. Each client is required to have a specific and dynamic individualized habilitation plan of services. Regulations require the involvement of a multidisciplinary team to evaluate, design and implement client plans, including a Qualified MR Professional, Dietician and Behavioral Analyst. These professionals staff the individual habilitation plan teams, design programs and environments, monitor progress and revise as necessary to recognize changing client needs on an individualized basis.

19. Section B, Economic Feasibility, Items I (1) and I (2). Project Alternatives

The applicant did not provide responses to items I. (1) and I. (2) on the top of page 36. Please provide responses and submit a replacement page 36 (36R).

Response: Please see the responses below as well as replacement page R-36 in Supplemental Attachment – Replacement Pages.

1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.
Response: Renovating the current facility was an option that was contemplated but rejected due to the expense that would have been expended on an aging home as well as the undesirable changes in the neighborhood. Given the extensive impending fire-safety regulation changes that would require the Applicant to make significant renovations to the home in addition to any modernization renovations in lieu of relocation, the cost of building a new facility was more cost-effective. In addition to the cost, the vacancies in certain homes in the neighborhood and the presence of increased crime rendered remaining in the facility's current location undesirable even if renovating the current facility were more cost-effective.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

Response: As previously noted, the expenses associated with renovating the facility were unreasonable given the undesirable location and extent of renovations that would be required.

20. Section B, Orderly Development, Item D

Please clarify the reason the applicant will receive licensure from the Tennessee Department of Health. If needed, please submit a replacement page 37 (R37) removing Tennessee Department of Health licensure.

Response: The Tennessee Department of Health was listed in error. Please see replacement page R-37 in Supplemental Attachment – Replacement Pages.

21. Section B, Orderly Development, Item D Items 1-3

Please provide responses to Item D questions 1, 2, and 3 on page 37.

Response: Please see responses below. Please also see attached replacement pages R-37 and R-38 in Supplemental Attachment – Replacement Pages. Please also see R-38 and R-39 in Supplemental Attachment – Replacement Pages for a revised Item F, question 1.

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.
Response: The facility is currently licensed by and in good standing with the Tennessee Department of Intellectual and Developmental Disabilities. The Applicant does not participate in an accreditation organization. Please see Supplemental Attachment – Replacement Attachment B – Contribution to the Orderly Development of Health Care – D1 for a copy of the facility's license.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.
Response: No deficiencies were found on the Applicant's last inspection for this facility, so there is no documentation to provide.

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.
Response: Not applicable.
   a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

      Response: Not applicable.

22. Project Completion Forecast Chart

Please provide a Project Completion Forecast Chart and provide a replacement page 44.

Response: Please see R-44 in Supplemental Attachment – Replacement Pages for the Project Completion Forecast Chart.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60th) day after written Notification is Tuesday, December 19, 2017. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn

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and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. э 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart
Health Services Development Examiner

PME
Enclosure

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Supplemental Attachment – Replacement Pages

3. **SECTION A: EXECUTIVE SUMMARY**

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

6) Description - Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant:

Response: Founded to address the needs of those moving out of large, state-run institutions, Open Arms Care Corporation, a Georgia nonprofit corporation ("Open Arms"), has 32 eight-resident homes, or Intermediate Care Facilities for Individuals with Intellectual Disabilities ("ICF/IID"), located in or near Chattanooga, Knoxville, Memphis, and Nashville, Tennessee and 9 four-resident ICF/IID homes in or near Chattanooga, Knoxville and Greeneville, Tennessee. Please see Attachment A.4 for a list of facilities operated by Open Arms in Tennessee. Through provider agreements with TennCare, Open Arms has been providing community-based facilities for individuals with intellectual and developmental disabilities for almost 30 years. This project involves construction of a replacement 8-bed ICF/IID in Shelby County, Tennessee, and will be constructed for the purpose of relocating eight individuals from an 8-bed ICF/IID facility located at 1445 Greendale Avenue, Memphis (Shelby County), Tennessee 38127, to a lot of approximately 4.25 acres, which does not currently have a separate street address, located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, (being the east half of the parcel described as Parcel B0148 00061 in the records of the Shelby County Tax Assessor). The proposed location is approximately 12.4 miles, or 25 minutes, from the current location of the ICF/IID facility. As a replacement facility, this project will not affect the number of ICF/IID beds in Shelby County. The Applicant currently has no outstanding but unimplemented certificates of need.

The facility will be a one-story, fully accessible family home of approximately 4,400 square feet with four bedrooms, combination living/dining room, kitchen, laundry, office, and associated storage areas. The home will have 2 large, fully accessible bathrooms, 1 half bath, and a residential sprinkler system. Depending on the resident and his or her medical needs, residents will receive assistance meeting hygiene requirements, specialized dietary services, physical therapy, and assistance with activities of daily living, as well as physical, occupational, and behavioral therapies. The overall goal is to provide the combination of an environment and services that will enrich their quality of life and sense of community.

7) Ownership structure

Response: Open Arms is a Georgia nonprofit corporation with no ownership shares or membership interests and is board-managed. Though Open Arms is a Georgia nonprofit corporation, the board of Open Arms is considering converting to a Tennessee nonprofit corporation. If the ultimate decision is to make such a conversion, a new Tennessee nonprofit corporation would be created and the existing Georgia nonprofit corporation would be merged into it, with the result being that Open Arms would be a Tennessee corporation. The laws of some states allow a simpler process whereby a non-nonprofit corporation can change its domicile from one state to another, but that is not currently allowed for transitions from a Georgia to a Tennessee corporation.

8) Service area

4. Bed Complement Data **Supplemental #1**

A. Please indicate current and proposed distribution and certification of beds.

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	Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8: Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home - SNF (Medicare only)						
16) Nursing Home - NF (Medicaid only)						
17) Nursing Home - SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home - Licensed (non-certified)						
19) ICF/IID	8					8
20) Residential Hospice						
TOTAL	8					8

*Beds approved but not yet in service **Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

N/A

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
CN1511-050	4/1/2018	4
CN1511-051	4/1/2018	4
CN1511-052	4/1/2018	4
CN1511-053	4/1/2018	4
CN1511-054	4/1/2018	4
CN1512-062	5/1/2018	4
CN1512-063	5/1/2018	4
CN1512-064	5/1/2018	4
CN1512-065	5/1/2018	4

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E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	$497.31	$512.70	$537.45	$548.20	2%
Deduction from Revenue *(Total Deductions/Utilization Data)*	0	0	0	0	0
Average Net Charge *(Net Operating Revenue/Utilization Data)*	$497.31	$512.70	$537.45	$548.20	2%

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Response: The proposed charge schedule is $537.45 per patient day for the first year of operations of the new facility. The Applicant anticipates that almost all of its revenue will come from TennCare, with some of the revenue coming from residents' SSI benefits, as required by TennCare. The money from residents' SSI benefits will be used to cover some of the cost of services. The Applicant is not aware of any residents with food stamp benefits.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: As the only provider in Shelby County, the Applicant can confirm that the proposed charges are in line with rates it charges at its other facilities in the Service Area.

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**
Response: Please also see Attachment B – Economic Feasibility – F1.

2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2

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Net Operating Margin Ratio	.064	-.065	-.040	.029	.024

3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

Response: Using 2016 data, the capitalization ratio for the Applicant is 146.88% after calculating per the formula ((2,000,000/(2,000,000 +(-638,307)))x100 = 146.88%).

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Response: All Residents are TennCare/Medicaid recipients. This project is intended to provide specialized services to TennCare/Medicaid recipients in need of ICF level care. The Applicant anticipates that 96% of its revenue will come from TennCare.

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2017)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
RN	0.25	0.25	$60,000	$57,590
LPN	1.98	1.98	$38,565	$37,180
Qualified MR Professional	0.13	0.13	$65,000	N/A
Direct Support Staff	12.50	12.50	$22,431	$23,340
Total Direct Patient Care Positions	14.86	14.86		
b) Non-Patient Care Positions				
Resident Manager	1.00	1.00	$34,000	N/A
Maintenance	0.25	0.25	$34,000	N/A
Central Office	0.75	0.75	Varies	Varies
Total Non-Patient Care Positions	2	2		
Total Employees (A+B)	16.86	16.86		

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c) Contractual Staff				
Speech Therapist	0.13	0.13	$80/hour	$70,810
Occupational Therapist	0.13	0.13	$65/hour	$82,830
Physical Therapist	0.13	0.13	$75/hour	$85,420
Total Staff (a+b+c)	17.25	17.25		

Source: Tennessee Department of Labor & Workforce Development (2016 LMI)

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

Response: Renovating the current facility was an option that was contemplated but rejected due to the expense that would have been expended on an aging home as well as the undesirable changes in the neighborhood. Given the extensive impending fire-safety regulation changes that would require the Applicant to make significant renovations to the home in addition to any modernization renovations in lieu of relocation, the cost of building a new facility was more cost-effective. In addition to the cost, the vacancies in certain homes in the neighborhood and the presence of increased crime rendered remaining in the facility's current location undesirable even if renovating the current facility were more cost-effective.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

Response: As previously noted, the expenses associated with renovating the facility were unreasonable given the undesirable location and extent of renovations that would be required.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

Response: None.

B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

Response: None known other than as currently exist for the current facility.

2) Negative Effects

Response: None known.

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C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Response: Sufficient as shown by the current facility operations. The Applicant currently meets and will continue to meet the staffing requirements of the facility following the proposed relocation. The Applicant does not anticipate needing to hire additional staff from what is in use at the current location of the facility.

2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

Response: The Applicant has reviewed and understands the aforementioned requirements.

3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Response: Not applicable.

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: The Tennessee Department of Intellectual and Developmental Disabilities.
Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): TennCare
Accreditation (i.e., Joint Commission, CARF, etc.): Not applicable.

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

Response: The facility is currently licensed by and in good standing with the Tennessee Department of Intellectual and Developmental Disabilities. The Applicant does not participate in an accreditation organization. Please see Attachment B – Contribution to the Orderly Development of Health Care – D1 for a copy of the facility's license.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

Response: No deficiencies were found on the Applicant's last inspection for this facility, so there is no documentation to provide.

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

Response: Not applicable.

a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

Response: Not applicable.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

1) Has any of the following:

a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

Response: Not applicable.

2) Been subjected to any of the following:

a) Final Order or Judgment in a state licensure action;
b) Criminal fines in cases involving a Federal or State health care offense;
c) Civil monetary penalties in cases involving a Federal or State health care offense;
d) Administrative monetary penalties in cases involving a Federal or State health care offense;
e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
h) Is presently subject to a corporate integrity agreement.

Response: Not Applicable.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects

CON Number	Project Name	Date Approved	*Annual Progress Report(s) Due Date	*Annual Progress Report(s) Date Filed	Expiration Date
CN1511-050	Open Arms Care Corporation dba Greeneville #1 Chuckey Pike	2/24/2016	4/1/2017	5/31/2017	4/1/2018
CN1511-051	Open Arms Care Corporation dba Hamilton County #2 Gamble Road - Southwest	2/24/2016	4/1/2017	5/31/2017	4/1/2018
CN1511-052	Open Arms Care Corporation dba Greeneville #3 East Church Street - East	2/24/2016	4/1/2017	5/31/2017	4/1/2018

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CN1511-053	Open Arms Care Corporation dba Hamilton County #1 Gamble Road - Southeast	2/24/2016	4/1/2017	5/31/2017	4/1/2018
CN1511-054	Open Arms Care Corporation dba Greeneville #2 East Church Street - West	2/24/2016	4/1/2017	5/31/2017	4/1/2018
CN1512-062	Open Arms Care Corporation dba Knox County #1 Bishops Bridge Northeast	3/23/2016	5/1/2017	5/31/2017	5/1/2018
CN1512-063	Open Arms Care Corporation dba Knox County #2 Bishops Bridge Northwest	3/23/2016	5/1/2017	5/31/2017	5/1/2018
CN1512-064	Open Arms Care Corporation dba Knox County #4 South Northshore Drive Northwest	3/23/2016	5/1/2017	5/31/2017	5/1/2018
CN1512-065	Open Arms Care Corporation dba Knox County #3 South Northshore Drive Southeast	3/23/2016	5/1/2017	5/31/2017	5/1/2018

* Annual Progress Reports - HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

Response: The facilities constructed pursuant to each of the outstanding CONs have now been completed and approved for occupancy, and residents are now in such facilities. The Applicant is still working with the architect and contractor on final cost certifications, which are anticipated to be completed within the next 30 days. Annual Progress Reports have previously been submitted for such facilities, and the Final Project Report will be submitted after the final cost certifications are completed and verified.

G. Equipment Registry - For the applicant and all entities in common ownership with the applicant.

1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

Response: Not Applicable.

2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

Response: Not Applicable.

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PROJECT COMPLETION FORECAST CHART

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Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		February 2018
2. Architectural and engineering contract signed	0	February 2018
3. Construction documents approved by the Tennessee Department of Health	60	April 2018
4. Construction contract signed	0	April 2018
5. Building permit secured	30	May 2018
6. Site preparation completed	30	June 2018
7. Building construction commenced	5	June 2018
8. Construction 40% complete	45	August 2018
9. Construction 80% complete	60	October 2018
10. Construction 100% complete (approved for occupancy)	45	December 2018
11. *Issuance of License	20	January 2019
12. *Issuance of Service	15	February 2019
13. Final Architectural Certification of Payment	45	March 2019
14. Final Project Report Form submitted (Form HR0055)	30	April 2019

***For projects that *DO NOT* involve construction or renovation, complete Items 11 & 12 only.**

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

Supplemental #1
October 30, 2017
8:51 am

Supplemental Attachment – Revised Management Agreement

Supplemental #1
October 30, 2017
8:51 am

AGREEMENT TO PROVIDE MANAGEMENT SERVICES

OPEN ARMS-Shelby #2

____Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002

Integra Resources, LLC, Manager

and

Open Arms Care Corporation, doing business as

OPEN ARMS--____Old Brownsville Road, Owner

Supplemental #1

October 30, 2017

8:51 am

MANAGEMENT AGREEMENT

OPEN ARMS--____Old Brownsville Road

THIS MANAGEMENT AGREEMENT ("Agreement"), effective as of _____, 2017, between OPEN ARMS CARE CORPORATION, a Georgia nonprofit corporation, doing business as OPEN ARMS--____Old Brownsville Road ("Open Arms"), and INTEGRA RESOURCES, LLC, a Tennessee limited liability company ("Integra").

RECITALS:

WHEREAS, Open Arms, desires to provide for management of a facility providing intermediate care services for individuals with intellectual disabilities ("ICF/IID") located at ____ Old Brownsville Road and Oak Road, Bartlett (Shelby County), Tennessee 38002, commonly referred to as OPEN ARMS----____Old Brownsville Road (the "Facility") by Integra; with a Facility-specific TennCare provider number to be issued by the State of Tennessee after the Certification Date (as defined in the Lease described below); and

WHEREAS, Integra desires to be engaged by Open Arms to provide such services;

NOW THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, agree as follows:

1. **Open Arms as Provider.** Open Arms, as the official provider of record for TennCare/Medicaid purposes, shall hold all authorizations and licenses necessary or incidental thereto with respect to the Facility. Notwithstanding any other provision to the contrary herein contained, Open Arms shall at all times exercise ultimate control over the assets and operation of the Facility. It is understood and agreed that the relationship between the parties hereto is that of independent contractors, and nothing herein contained shall be deemed to create or authorize the creation of the relationship of partnership or joint venture between said parties.

2. **Integra's Obligations.** In accordance with the provisions of this Agreement, Integra shall assume day to day operational responsibility for each Facility and shall manage and operate the Facility efficiently in accordance with the standards prevailing in the ICF/IID industry. Without limitation, during the term of Integra's management of the Facility hereunder, Integra shall perform the following specific management services for Open Arms with respect to the Facility:

(a) In general, manage the Facility so as to meet all requirements of state and federal licensing, and reimbursement certification (as well as to meet the prevailing standards for applicable quality assurance and accreditation groups pertaining to the Facility), all as applicable to an ICF/IID facility, and provide care for the Facility's residents, which care shall include but shall not be limited to the providing or monitoring of:

(i) the medical and psychological condition of the residents, including maintenance of medical records;

(ii) the activities, both personal and familial, of the residents;

(iii) the dietary requirements of the residents;

(iv) physical therapy and day services programs for the residents; and

(v) the quality of life of the residents.

(b) Provide care and treatment to all of the Facility's residents, protecting their rights pursuant to applicable state and federal law, including laws pertaining to safe-guarding and accounting for residents' personal funds.

(c) Maintain each Facility and its premises in a state of good operating condition and repair, reasonable wear and tear excepted, and in a manner that conforms to the obligations of Open Arms pursuant to a Lease Agreement dated as of _____, 2018 between Open Arms, as tenant, and Facilities Development Group, LLC, as landlord ("Landlord") (the "Lease"), and the Omnibus Agreement for Leases, dated as of the date hereof, between Open Arms and Facilities Development Group, LLC, (the "Omnibus Agreement").

(d) Provide well-qualified Integra employees to serve as the Market Area Director for the area where the Facility is located, senior "home office" management staff and other staff, all as required to meet Integra's obligations under this Agreement, which employees will have overall authority for the day to day operation and management of the Facility. The remaining day-to-day staff of the Facility, including the Facility administrator or director, shall consist of employees of Open Arms, provided, however, that Integra shall have full authority within the scope of this Agreement and the applicable approved annual Budget, to manage, hire, train, determine compensation for and, at Integra's discretion, fire such staff and employees. Integra covenants that it shall not discriminate against any such employee or any member of such staff, or applicant therefor, because of race, religion, color, national origin, sex, handicap, military status, age, or any other basis protected by law, all in accordance with applicable law.

(e) Subject to the limitations of Section 5 hereof, purchase on commercially reasonable terms in Open Arms' name and behalf, all equipment, repairs, improvements, furniture and fixtures required for the efficient operation of the Facility and to maintain the Facility in a state of good operating condition and repair, commensurate with the standards and quality of other similar facilities.

(f) Subject to the limitations of Sections 4(b) and 5 hereof, contract with third parties, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the rendition of the following services to Open Arms and to clients of Open Arms: (i) therapy services, e.g. occupational, speech and physical; (ii) medical services, e.g. medical doctors, nurses, pharmacists, psychologists, dentists and dieticians; and (iii)

services related to maintenance of heating, ventilation and air conditioning, plumbing, security and other building and equipment systems, alarms, telecommunication systems, vehicles and copiers, all such services to be rendered at the Facility in the ordinary course of business (hereinafter referred to as "Routine Services"). Additionally, with the prior written consent of Open Arms, which shall not be unreasonably withheld, Integra may sub-contract its management duties in the areas of ancillary services, financial services, accounting services, human relations services, staff development services, governmental relations and policy and forms development to one or more sub-contractors reasonably chosen by Integra, and which may be related to Integra (with any costs associated with such sub-contracting to be the sole expense of Integra). Otherwise, with respect to its obligations hereunder, Integra shall not contract with any Affiliate of Integra or its officers or directors. For purposes of this Agreement, an Affiliate shall mean any other person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, Integra. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Integra, whether through the ownership of voting securities, by contract or otherwise ("Affiliate"). Integra's authority to contract under this Section 2(f) shall include the authority to amend, modify or terminate any such contract.

(g) Integra will on a regular basis direct and coordinate the development of operational policies and procedures for the Facility and submit such recommendations to Open Arms for its input, review and approval. Integra will annually review and, as appropriate, prepare recommendations as to changes in operational policies and procedures for the Facility and submit such recommendations to Open Arms for its review and approval. Said policies and procedures shall meet all applicable state and federal licensing and reimbursement certification requirements, as well as the requirements of such quality assurance and accreditation groups as may have jurisdiction over the Facility.

(h) Perform all accounting, bookkeeping, and record keeping functions to enable Open Arms to meet the financial reporting, record keeping, and budgetary requirements of (x) the Lease (and any lender to the Landlord, as may be required by the Lease) (y) all applicable statutes, rules or regulations of governmental agencies and (z) Open Arms as described in this Agreement. All such reporting and record keeping shall be maintained on a calendar year, accrual basis. Integra shall arrange for the timely annual audit of the financial statements of Open Arms, and the preparation of the cost reports for the Facility by a nationally recognized firm of independent certified public accountants selected by Open Arms. The accounting and other services to be performed by Integra hereunder or under Integra's supervision with respect to the Facility shall include, but not be limited to the following:

(i) The preparation of monthly financial statements of operations and statistical reports for the Facility and combined monthly statements of operations for the Facility to be submitted to Open Arms within twenty-five (25) days after the end of each month.

(ii) The maintenance of all records for resident billing, billing for all accounts receivable and (to the extent practicable without undue expenditure of funds) collection of same and recommendations to Open Arms for write-offs of uncollectible accounts receivable or contracted adjustments and the reasons for such recommendations.

(iii) The maintenance of all records for accounts payable and the payment of the same.

(iv) The preparation of support schedules and analyses for TennCare/Medicaid cost reports and Federal Form 990 information returns; and the review of Federal Form 990 returns and TennCare/Medicaid cost reports as prepared by external auditors.

(v) The preparation of all necessary reports and returns for all sales, use, ad valorem (for both real and personal property) and occupancy taxes.

(vi) The maintenance of a complete general ledger recording and summarizing the transactions of the Facility.

(vii) The maintenance of any other records required by the Lease.

(viii) The maintenance of records relating to the budgeting, approval, purchase, payment and reimbursement for capital improvement items (whether paid from the Reserve, the Depreciation Reserve Fund, or from capital improvement term loan advances (all as defined and described in the Omnibus Agreement, collectively "Capital Expenditures"); the generation and distribution of monthly reports on activity, and the preparation of reimbursement requests.

(ix) By the 25th day of the month following each calendar quarter and by the 25th day after each change in the Budget (as defined in Section 2(i) hereof), the delivery to Open Arms of a written report and analyses showing calculations with respect to Open Arms' compliance with each rate and liquidity covenant in the Lease for the period(s) in question.

(x) No later than the 25th day following the end of each calendar quarter, Integra shall prepare and submit to Open Arms a proposed quarterly cash flow budget projecting cash receipts and disbursements for the fifteen (15) months that begin with that quarter, based on the proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of short-term operating requirements and/or as to the sources and amounts of additional cash flow that may be required

to meet operating requirements and capital requirements. Integra shall revise the cash flow budget quarterly and submit said revised cash flow budget to Open Arms in accordance with the schedule described above in this Section h(x).

(i) The Facility annual operating budget (the "Budget") for the calendar year 2017 shall be attached hereto as Exhibit A, after finalization and approval in writing by each party hereto on or before the Certification Date. For each subsequent calendar year, Integra shall prepare and submit to Open Arms, no later than sixty (60) days before the beginning of each subsequent calendar year (unless a written extension of no more than twenty (20) days is granted by Open Arms), a proposed Facility annual budget, in the same format as Exhibit A, covering the operation of the Facility as follows:

(i) An annual operating budget setting forth an estimate of consolidated operating revenues and expenses of the Facility for the next calendar year, together with an explanation of anticipated changes in Facility utilization, reimbursement rates, staffing plan, scheduled training plan, non-wage costs, and all other factors differing significantly from the current year.

(ii) A three-year cash flow budget projecting cash receipts and disbursements for the next twelve (12) calendar quarters based on proposed operating and capital budgets, together with recommendations as to the use of projected cash flow in excess of operating requirements and/or as to the sources and amounts of additional cash flow that may be required to meet operating requirements and capital requirements.

(iii) An annual capital needs budget setting forth an estimate of anticipated capital expenditures anticipated to be needed for the Facility for the next calendar year, to be presented to the Landlord pursuant to the Lease.

(iv) At any other time that Integra reasonably determines that a current budget is not feasible, Integra shall submit promptly a revised budget to Open Arms for approval, together with a written explanation of the basis for any modification from the budget previously approved by Open Arms. Open Arms shall not unreasonably withhold its approval of the budgets (including any revised budget) submitted by Integra. In the event Open Arms fails to approve a budget submitted by Integra for any subsequent year, the operating budget for such year will be the budget of the previous year plus a three percent (3%) escalation of the total amount thereof.

(j) Use its best efforts to operate the Facility in accordance with the provisions of the Budgets submitted to and approved in writing by Open Arms.

(k) Subject to the limitations of Section 16 hereof, act as Open Arms' agent and diligently and competently represent Open Arms in any matter involving operational issues, management issues, governmental issues, legislative issues and administrative issues, after promptly notifying Open Arms in writing of any such matter (other than notification of such matters that are reasonably deemed immaterial by Integra in scope and occur in the ordinary course of business, which notification shall not be required), said matters to include but not be limited to (i) any actions or determinations of or before any governmental agencies, including but not limited to those related to licensure of Open Arms or the Facility and TennCare/Medicaid rate adjustments; (ii) ad valorem tax liabilities or valuation determinations; (iii) EEOC issues or complaints or (iv) contracts necessary to perform day to day operational responsibilities.

(l) Operate the Facility in accordance with Open Arms' obligations under the Lease and other third-party contracts related to the operation of the Facility, and properly and punctually will perform all of Integra's obligations under this Agreement, unless otherwise directed by Open Arms, in a manner to cause Open Arms' compliance with its obligations under the Lease and said third-party contracts. Except as otherwise set forth herein, including but not limited to Section 5 hereof, Integra shall have no obligation to be financially responsible for funding any Costs of Operation (as that term is defined in Section 4(b)) or for funding the cost of any repairs, renewals or replacements, or make any payments under the terms of the Lease except from Open Arms' funds unless the need for any such payment, repair, renewal or replacement arises as a result of the negligence, malfeasance or breach of this Agreement by Integra. Nothing herein shall constitute a guarantee by Integra that the Facility, whether individually or collectively, will be able to meet the covenants or requirements set forth in the Lease or any other level of financial performance.

(m) Cause its representatives reasonably requested by Open Arms to attend quarterly meetings of the Board of Directors of Open Arms (and such other meetings of such Board as Open Arms may reasonably request) for the purpose of providing information and advice concerning the management of and issues related to the Facility. The direct out-of-pocket costs and expenses of attending any such meetings shall be deemed a part of the Costs of Operation.

(n) Arrange for architectural, engineering, and construction services in connection with any and all subsequent capital improvements to the Facility, and diligently oversee on behalf of Open Arms the construction of such capital improvements.

(o) Manage the Facility in a manner consistent with the maintenance of Open Arms' section 501(c)(3) status. In particular, but without limitation, Integra shall not evict any resident from the Facility for inability to pay any fees or charges without the prior written consent of Open Arms.

(p) Engage in all governmental and community relations activities which are reasonably appropriate for the successful reputation and operation of the Facility, and

maintain good communications with governmental and other organizations, in regard to the operation and management of the Facility.

(q) Subject to the limitations of Section 5 hereof and Open Arms' prior written approval, contract, at commercially reasonable terms and rates, in Open Arms' name and behalf, for the following:

(i) Insurance, including commercial auto, general and professional liability, workers compensation, property, excess liability and fidelity;

(ii) Employee benefits, including medical/hospital and life insurance for the Open Arms employees. Integra will coordinate audits necessary to verify the accuracy of submissions estimates and will provide the necessary policy maintenance services as required by the insurance carrier and the provisions of the insurance contracts.

(r) In conjunction with each insurance policy renewal or change in insurance coverage, provide Open Arms with a written understandable explanation of the new coverage's insurance benefits, claims procedures, and other pertinent information related to the new coverage, as well as the cost and experience history for the immediately preceding insurance coverage provided to Open Arms' employees.

(s) No later than the 30th day following the end of each month, provide Open Arms' Board of Directors with a written review of current operations, including information concerning periodic service reviews performed by Integra, and such other operational reporting reasonably sufficient for Open Arms' oversight responsibilities, including reporting of surveys, response to surveys, abuse reports and other special concerns.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

Notwithstanding the foregoing, Integra may begin assisting with the transition of the Facility to the services to be provided pursuant to this Agreement up to fifteen (15) days in advance of the effective date of this Agreement.

3. **Open Arms' Rights and Obligations.** During the term of Integra's management of the Facility hereunder, the obligations of Open Arms with respect to the management of the Facility shall consist of the following:

(a) In writing during the second quarter of each calendar year, and orally at each meeting of Open Arms' Board of Directors, to furnish to Integra a report on the goals and general policies of Open Arms and their implementation, as well as procedural guidance and direction for the operation of the Facility. Additionally, Open Arms shall

periodically appoint and replace, in the discretion of Open Arms, individuals to serve on any "joint operating committee" for the Facility or similar group to oversee and offer advice to Integra with respect to the day-to-day operations of the Facility.

(b) At any time and from time to time, to examine, observe, and inspect the Facility, and any and all records and reports applicable thereto and to the services and functions of Integra.

(c) To consider the approval of the Budgets and annual plans submitted by Integra for the operation of the Facility, which approval shall not be unreasonably withheld.

(d) With the recommendation and assistance of Integra, to establish operating policies, standards of operation, admission policies, standards of service and maintenance and resident rates and other charges for the Facility's residents. Further, Open Arms, as Lessee, agrees to use diligent good faith efforts to comply with all of its obligations set forth in the Lease, without limitation on Integra's contractual obligations to effect such compliance on Open Arms' behalf.

(e) To assist with the establishment of policies affecting the Facility or the operation thereof which are not inconsistent with the responsibilities assigned to Integra under the terms of this Agreement.

(f) To play an active role in promoting the good will and public image of the Facility, their residents and, to the extent appropriate, Integra.

(g) To cooperate with Integra in executing all forms and returns required pursuant to applicable taxing statutes, rules and regulations and applicable governmental reimbursement programs.

(h) To use diligent good faith efforts to maintain its status as a corporation which is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code") and which is not a private foundation.

(i) To maintain its status as provider of record within the State of Tennessee, including but not limited to maintaining records and Board of Directors minutes addressing goals and services actually received under this Agreement, and the continuing need and effectiveness of such services.

Notwithstanding anything herein to the contrary, Open Arms shall have all the requisite power and authority to operate the Facility as shall be required by the State of Tennessee at the level of power and authority to be possessed by the licensed operator of a facility such as the Facility in the State of Tennessee.

4. **Revenues, Costs of Operations and Management Fee.**

(a) During the term of Integra's management of the Facility hereunder, all revenues payable to the Facility shall be deposited into and paid out of one or more bank accounts established by Integra on behalf of Open Arms at a financial institution selected by Integra and approved by Open Arms and Facility Mortgagee under the Lease, which approval shall not be unreasonably withheld, all in accordance with the provisions of any "Deposit Account Control Agreement" ("DACA") or similar agreement required pursuant to the Lease. Such revenues and other amounts shall be utilized for the payment of the following items on a monthly basis in the following order of priority: (i) the Costs of Operation; (ii) payments of rent; (iii) any outstanding cash advances made by Integra (pursuant to Section 5 below); (iv) any Management Fee (as defined in Section 4(c) below) for any prior periods; and (v) the Management Fee for the current period. Notwithstanding any modification or termination of the Lease, Open Arms shall make, or cause to be made, the payments specified above to Integra in an order of priority at least as favorable to Integra as that order required by the Lease prior to any modification or termination of the Lease subsequent to the date hereof. If the Revenues (as defined in the Lease) shall be insufficient to pay all of the amounts described in clauses (i) through (iv) of this paragraph, then such amounts shall be paid from and out of any other available funds in accordance with and subject to the limitations as set forth in the Lease.

(b) The Costs of Operation shall consist of (i) all costs and expenses properly incurred in the operation and management of the Facility and day services programs in accordance with the provisions of this Agreement, including matters referred to herein as Integra's responsibility, including but not limited to any salary, compensation, expense reimbursement or payments to, or benefits for, employees of Open Arms or Integra who work at the Facility (including Market Area Directors formerly employed by Open Arms and now employed by Integra) and the costs of repairs to, and maintenance of, the Facility (but not the cost of Capital Expenditures), (ii) all premiums or charges for insurance coverage as described herein with respect to the operations of the Facility or the employees described above, (iii) direct expenses and costs incurred in connection with the purchase of necessary supplies for the Facility, the furnishing of utilities to the Facility and other necessary services furnished by independent contractors for the Facility, (iv) any audit adjustments or payments required in connection with or as a consequence of any proceeding or appeal related to reports or the returns described in Sections 2(h)(iv) and or matters arising out of issues addressed in Section 2(k) hereof; (v) any ad valorem taxes payable with respect to the Facility and (vi) reasonable costs or expenses properly incurred by Integra on behalf of Open Arms, including costs incurred due to any change in the rules and regulations of any governmental authority with jurisdiction over the Facility which costs are required to be incurred to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility (the "Costs of Operation"). Prior written approval by Open Arms is required for each reimbursement. If it is reasonably deemed necessary by Integra for Integra to provide or arrange for direct care, supervisory support or consulting services on a temporary basis to the Facility, unless otherwise provided for herein, the reasonable expenses for providing these services will be charged to Open Arms and included in the Cost of Operations.

Such expenses will include items such as employee or subcontractor wages, federal and state income taxes, benefits, travel and other direct charges, all of which shall be reasonable. If the temporarily assigned employee undertakes a work assignment for Open Arms that encompasses the period after a holiday and works at the Facility the day prior to the holiday but not on the holiday, the compensation paid to the employee for that holiday will be charged to the Facility. Vacation expenses for the temporarily assigned employee will be included as a part of the benefit cost on a prorated basis.

(c) (i) The Management Fee shall be paid to Integra in accordance with the terms of this Section 4(c) (the "Management Fee").

(ii) Subject to adjustment as provided in this paragraph, the Management Fee payable to Integra shall be $73,560.00 per year. The Management Fee shall be increased annually during the term hereof by a percentage proportionate to any adjustment for inflation or cost of living applied by the Tennessee TennCare/Medicaid program (or successor program) with respect to costs utilized for purposes of determining applicable TennCare/Medicaid rates for such year, to be effective at the time of the adjustment in the TennCare/Medicaid rates received by Open Arms. In the event the Facility, or any replacement facility, shall no longer be operated under this Agreement, the Management Fee payable under this Agreement shall no longer accrue, commencing with the date following the cessation of such operation. Notwithstanding anything to the contrary contained herein, if an event of default has occurred pursuant to the Lease due to a the failure of Integra to comply with the requirements of this Agreement, and such Lease default has not been cured within sixty (60) days after the occurrence thereof, the Management Fee shall continue to accrue but payment thereof shall be suspended until such Lease default has been cured.

(iii) The Management Fee shall accrue beginning with the date of this Agreement, and each month's fee as accrued shall be (a) submitted for payment by Open Arms to the agent under any "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease within ten (10) days after Open Arms' receipt of Integra's invoice therefor; and (b) paid in accordance with the terms of such Deposit Account Control Agreement or similar agreement.

(d) To the extent amounts available for such purpose under the "Deposit Account Control Agreement" (or similar agreement) established pursuant to the Lease in any month are not sufficient to pay the Management Fee or other amounts owed to Integra ("Other Amounts"), after giving effect for the last sentence of Section 4(a) hereof, any unpaid Management Fee and Other Amounts shall accumulate interest at a simple interest rate equal to one percent (1%) per annum commencing as of the payment due

date(s) of the Management Fee and Other Amounts, and such past due Management Fee and Other Amounts plus accumulated interest thereon shall be paid promptly when revenues are sufficient to do so or other funds become available to Open Arms with which to make such payments. Such rate payable as determined in the preceding sentence shall be hereinafter referred to as the "Advance Rate."

(e) This Agreement is subject to that certain Subordination Of Management Agreements of even date herewith by and among Open Arms, Integra and Landlord (the "Subordination"), pursuant to which all Management Fees have been subordinated to the Lease and all payments of rent due thereunder, and all other amounts from time to time payable by Open Arms to Landlord, except as otherwise allowed pursuant to the Subordination.

5. **Capital Improvements and Working Capital.** To the extent not prohibited by law or the Lease, Open Arms shall have the obligation of advancing funds for all capital expenditures required by the rules and regulations of any governmental authority, and required to maintain the licenses, certifications, provider agreements and applicable accreditations for the Facility. Subject to Open Arms' prior written consent, which shall not be unreasonably withheld, and subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to advance funds, or require the Landlord to advance funds, for such capital expenditures required for the efficient operation of the Facility and to maintain the Facility in good condition, commensurate with the standards and quality of other similar facilities.

Integra is hereby authorized to incur expenses and liabilities in the ordinary course of rendering the services described herein in accordance with the Budget and to purchase individual capital assets necessary for each Facility but which are not set forth in the Budget which do not have an individual cost in excess of Five Thousand Dollars ($5,000) and a calendar year aggregate cost in excess of Fifty Thousand Dollars ($50,000), subject to the total amount approved in the annual expense budget for Cost of Operations. The determination of whether an expenditure constitutes a Capital Expenditure shall be made pursuant to Section 2(iii) and in accordance with generally accepted accounting principles.

Subject to Integra's compliance with its contractual obligations to Open Arms hereunder and otherwise, Open Arms shall be obligated to provide all capital required to pay timely all Costs of Operation, the Management Fee, Capital Expenditures, and all obligations of Open Arms hereunder. Integra shall not be obligated to provide any working capital for the operation of the Facility, except that Integra shall be required to furnish working capital required to perform its obligations hereunder that are not to be underwritten by Open Arms.

6. **Term.** This Agreement shall commence at 12:01 a.m. on the day following the Certification Date (as defined in the Lease) (the "Commencement Date") and unless earlier terminated in accordance with Section 7 hereof, shall expire seven (7) years after the Commencement Date (the "Original Term"); provided, however, that this Agreement shall automatically renew for one (1) successive additional seven (7) year period unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Original Term (the "Initial Extension Term"). Additionally, this Agreement

shall automatically renew for successive one (1) year periods after the end of the Initial Extension Term, unless notice is given in writing by either party to the other at least one hundred eighty (180) days prior to the expiration of the Initial Extension Term or any successive one (1) year period pursuant to the automatic renewal provisions or any agreed extensions. Except as otherwise set forth herein, the term of this Agreement shall not end on less than one hundred eighty (180) days prior notice to allow Open Arms or a successor manager of the Facility ample time to transition operations and continue care and services so as not to harm the residents of the Facility.

7. **Default, Right to Cure and Termination.**

(a) Each of the following shall be deemed to be an "Event of Default" hereunder:

(i) If Integra fails to maintain and operate the Facility according to the standards established or imposed hereunder or by any applicable laws or regulations or governmental agencies having jurisdiction or authority over the Facility, other than solely by reason of the failure of Open Arms (unless the failure of Open Arms is due to any acts or omissions of Integra) to comply with its obligations thereunder or hereunder.

(ii) If the certificates and authorizations for the Facility to participate under the TennCare/Medicaid program (or successor program) are suspended, canceled or revoked because either party has failed to perform its obligations hereunder and such party is not, in good faith, diligently pursuing the reinstatement of such certificates and authorizations as set forth in paragraph (b) of this Section 7.

(iii) If either party is or becomes insolvent or makes an assignment for the benefit of creditors or commits an act of bankruptcy or files a voluntary petition under the provisions of the United States Bankruptcy Code, including without limitation, a petition for reorganization or arrangement or consents to an involuntary petition or is adjudicated a bankrupt.

(iv) If either party violates, or is in breach of, any material term or condition of this Agreement. For purposes of this paragraph (iv), without limitation, (y) the failure of either Integra or Open Arms to operate the Facility in accordance with the provisions of the Budgets submitted to and approved by Open Arms or (z) the non-payment of any Management Fee or Other Amounts (as defined in Section 4(d) for a period of sixty (60) days, shall be considered a breach of a material term of this Agreement

(b) Upon the occurrence of an Event of Default, the party not responsible for the Event of Default (the "Non-Defaulting Party") may declare this Agreement

terminated; provided, however, that with respect to subsections 7(a)(i) - 7(a)(iv), this Agreement may be terminated by the Non-Defaulting Party only in the event the other party (the "Defaulting Party") fails to cure the Event of Default within thirty (30) days after written notice from the Non-Defaulting Party, which notice shall specify in sufficient detail all material information known by the Non-Defaulting Party concerning the specific circumstances of the Event of Default so as to give the Defaulting Party adequate notice and the opportunity to cure same; provided further the Non-Defaulting Party shall not have the right to terminate this Agreement if at the end of such thirty (30) day period, cure of the Event of Default is reasonably foreseeable, the Defaulting Party has taken reasonable steps to cure the Event of Default within said period, and the Defaulting Party proceeds diligently thereafter to cure the Event of Default. Notwithstanding anything to the contrary contained herein, upon an event of default under the Lease, which default continues after the giving of any required notices and the expiration of any cure periods provided for in the Lease and which has not been waived or cured as provided in the Lease, Open Arms shall have the right to terminate this Agreement upon written notice given to Integra.

(c) (i) Upon termination of this Agreement for any reason other than (A) by reason of Integra being responsible for an Event of Default, or (B) Integra's election not to extend this Agreement at the end of the original term or any renewal term, any outstanding accrued Management Fee, Other Amounts, and advances by Integra to Open Arms pursuant to Section 5 hereof (collectively, "Open Arms Obligations") shall become immediately due and payable.

(ii) Subject to the terms and conditions of the Lease, upon termination of this Agreement by reason of Integra's election not to extend this Agreement at the end of the original term or any renewal term, any Open Arms Obligations shall be payable by Open Arms to Integra in twelve (12) equal monthly installments, commencing thirty (30) days after the effective date of such termination, together with simple interest accruing from such effective date at the Advance Rate, payable monthly in arrears.

(iii) Notwithstanding any other provision to the contrary contained in this Section 7(c), any payments to Integra upon termination of this Agreement for any reason shall be made only in accordance with and as limited by the restrictions set forth in the Lease.

8. **Insurance.** On behalf of, and at the expense of Open Arms, Integra shall use its best efforts to procure and maintain in full force and effect on a cost-effective basis all insurance coverage required by the Lease, or by any lender to the Landlord, or by any governmental authority with jurisdiction over the Facility, to the extent such insurance coverage requirements are stricter than any specific insurance requirements contained herein. Integra shall provide Open Arms with written evidence of such coverage at the time of inception of coverage, on an annual basis thereafter, and at any other time as requested by Open Arms, which insurance may be provided on a multi-facility basis with other facilities operated by Open Arms.

All such insurance to the extent appropriate will name Integra, Open Arms, and to the extent required by the Lease, the Landlord and any lender to the Landlord, as co-insured parties or additional insured parties. The premiums for all insurance coverage which directly insures the risks of the Facility shall be paid by Open Arms as part of the Costs of Operation. Open Arms and Integra hereby each waive any right of recovery against the other party for any claims that may be brought for any loss which is covered by fire and extended coverage insurance upon or relating to the Facility and the furnishings and equipment thereon to the extent such claims are paid by said coverage. This waiver of subrogation shall be valid and binding only in the event it is recognized and accepted by the fire and hazard insurance companies under policies obtained hereunder.

(a) Integra shall use its best efforts to (i) secure certificates of insurance for Open Arms, (ii) maintain the original of such policies at the office of Integra, (iii) deliver duplicate copies of the policies to Open Arms and the Landlord, and (iv) procure endorsements thereto prohibiting any termination or cancellation thereof until the expiration of thirty (30) days' after written notice of cancellation to all named insureds.

(b) In addition, Integra shall procure and maintain in full force and effect during the term hereof, to cover acts and omissions during the term of its services hereunder (i) $1,000,000 each occurrence/$1,000,000 aggregate general and professional liability insurance coverage, (ii) $1,000,000 each occurrence/$1,000,000 aggregate bodily injury and property damage insurance, as supplemented by general liability coverage under a $5,000,000 umbrella policy and (iii) workers' compensation insurance coverage with limits not less than those limits carried by Open Arms respect to the Facility during the one year period prior to the date hereof, in order to insure itself against normal business risks inherent in its operation and management of the Facility and shall, to the extent possible without increases in premiums unless said increases are paid by Open Arms after Integra gives reasonable notice to Open Arms thereof, cause Open Arms to be named as an additional insured thereunder, to the extent its interests appear, on the policies evidencing such insurance. As reasonably requested by Open Arms from time to time, Integra shall provide Open Arms with written evidence that such insurance coverage remains in full force and effect.

(c) In addition, Integra shall procure and maintain in full force and effect fidelity insurance coverage on a loss discovered basis (including crime, employee dishonesty, including third party coverage) to insure against damages resulting from such acts or omissions by Integra or any of its contractors or agents which take place during the term of this Agreement. All such insurance coverage shall have a limit of not less than $1,000,000, with a deductible of not more than $10,000, shall name Open Arms as an additional named insured, and shall contractually require the carrier to inform Open Arms immediately in the event of any pending lapse in coverage for any reason. Simultaneously with the execution of this Agreement, Integra shall furnish Open Arms with a Certificate from said carrier evidencing the effectiveness of such insurance coverage.

9. **Use of Premises.** Integra shall not, without the prior written consent of Open Arms, at any time use the Facility or any portion thereof, or permit the Facility or any portion

thereof to be used for purposes other than an ICF/IID facility in compliance with all applicable rules and regulations of the United States and the State of Tennessee.

10. **Right to Inspect.** At any time during regular business hours, and at any time outside regular business hours if prior telephonic notice during regular business hours is given to the designated official of Integra having on-site management responsibility for the Facility, Open Arms or its representatives shall have the right to inspect the financial and other records in the actual or constructive control of Integra (and to make copies of documents as appropriate and at their expense) related to the Facility, including but not limited to books, records, data files and reports (electronic or otherwise) prepared by Integra or any other person or entity by or on behalf of Integra and maintained by Integra or such other person or entity at or in connection with the Facility with respect to in the performance of its services hereunder and the condition of the Facility.

11. **Books and Records.** All books, records, data files and reports prepared by Integra for or in connection with the management of the Facility and maintained by Integra at the Facility or at any location other than the Facility shall be available for inspection and copying by Open Arms or its representatives or the Landlord at their own expense and during normal business hours with prior written notice to Integra. It is agreed and understood that computer software and the users manuals for such software developed or acquired by Integra or used by Integra employees in connection with the management of the Facility shall not be considered "books, records, data files and reports" as those terms are used in this Section 11, provided that printouts of data generated by use of such software shall be considered such "books, records, data files and reports". Furthermore, it is agreed by the parties hereto that any computer software and the user manuals for such software developed by Open Arms employees shall remain the property of Open Arms.

12. **Cooperation at Termination.** Upon the expiration or earlier termination of term of Integra's management of the Facility hereunder, each of the parties hereto shall cooperate fully with the other in effecting an orderly transition to avoid any interruption in the rendering of the above-described services and, in that connection, Integra shall promptly surrender to Open Arms all keys, contracts, books, records, data files and reports (as such terms are defined in Section 11 hereof) maintained by Integra in connection with the management of the Facility. Furthermore, the parties hereby agree that any information received by a party or its attorneys, accountants or agents about the other party in the performance of such party's obligations hereunder, which concerns the financial or other affairs of such party, will be treated in full confidence and will not be revealed to any other persons, firms or organization.

13. **Covenant Not to Employ Personnel.** The parties acknowledge that Integra, in the performance of its obligations hereunder, utilizes certain of its employees. Open Arms recognizes that Integra has incurred and will incur considerable time and expense in developing Integra employees. For this reason, Open Arms covenants with Integra that Open Arms shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an Integra employee or encourage any successor to Integra's duties hereunder to solicit the employment of any such person who is at that time an Integra employee for services to be rendered at or in connection with the Facility or at any other facility offering services to

persons with developmental disabilities owned or operated by Open Arms unless this covenant has been waived in writing by Integra. It is understood and agreed, however, that this covenant shall not apply to persons who were employees of Open Arms as of September 30, 2014 and were subsequently employed by Integra.

Recognizing that Integra would not have an adequate remedy at law in the event of any breach of this covenant, Open Arms agrees that the covenants set forth herein may be enforced by Integra by an appropriate restraining order or other injunctive relief.

Furthermore, Integra recognizes that Open Arms has incurred and will incur considerable time and expense in developing Open Arms employees. For this reason, Integra covenants with Open Arms that Integra shall not, at any time during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, directly or indirectly solicit the employment of any person who is at that time an employee of Open Arms, except with the prior written consent of Open Arms, not to be unreasonably withheld. In furtherance of the foregoing, it is anticipated that employees working in certain positions within Open Arms may from time-to-time have limited opportunities for advancement within Open Arms, and as such employees reach the limits of advancement opportunities at Open Arms, it may be reasonable for Integra to request the consent of Open Arms for the employment by Integra by such an individual who is advancing in his/her career path and has reached the limits of advancement within Open Arms.

Recognizing that Open Arms would not have an adequate remedy at law in the event of any breach of this covenant, Integra agrees that the covenant set forth herein may be enforced by Open Arms by an appropriate restraining order or other injunctive relief.

14. **Indemnification.** Any Defaulting Party shall release and indemnify and hold the Non-Defaulting Party and the Non-Defaulting Party's shareholders, directors, officers and employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from an Event of Default by the Defaulting Party and Integra shall release and indemnify and hold Open Arms and its shareholders, directors, officers, employees and agents harmless from and against any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) incurred and arising out of or resulting from actions taken by Integra outside the scope of the authority specifically granted to Integra herein. Furthermore, Open Arms shall indemnify Integra with regard to any and all liabilities, losses, damages, claims, costs and expenses (including reasonable attorneys' fees) with regard to any action, suit or proceeding brought by a person or entity that managed the Facility prior to the date hereof; provided, however, that such indemnification by Open Arms shall extend only to such amounts as may be reimbursable costs under the TennCare/Medicaid system.

15. **Litigation or Proceedings on Behalf of Open Arms.** If any claim or cause of action of Open Arms arises during the term of this Agreement, or if any third party claim, action, or other legal or administrative proceeding arising from or related to the management of the Facility is filed against Open Arms, upon receiving notice of any such claim, cause of action or proceeding, the party receiving such notice shall promptly give notice thereof to the other party, and Integra shall have the option, exercisable in its reasonable discretion, by giving written notice thereof to Open Arms, to institute or defend such claim, action or other legal or

administrative proceeding in Integra's name or Open Arms' name, as their respective interests may appear to be claimed, provided that Integra uses good faith best efforts to proceed in such action in a manner that is in Open Arms' best interests. The reasonable costs and expenses of prosecuting and defending any such claim, action, or legal or administrative proceeding shall be reimbursed to Integra by Open Arms as Costs of Operation, except as they relate to Events of Default by Integra or the independent acts of Integra taken outside the scope of the performance of its duties hereunder or the negligence, willful misconduct or breach by Integra of its obligations hereunder, which costs and expenses shall be borne exclusively by Integra notwithstanding any other provision to the contrary herein contained. Open Arms agrees to provide reasonable assistance to Integra in the prosecution and defense of any such action upon request by Integra and upon Integra's agreement to pay all of Open Arms' expenses related thereto, except for expenses for which Open Arms is otherwise obligated hereunder. Open Arms further agrees that Integra shall have the right to recommend legal counsel for Open Arms' approval to represent the interests of Open Arms in any such claim, action or legal or administrative proceeding. Integra shall provide Open Arms with timely and periodic written reports regarding the progress of each such claim, action or proceeding. If Integra decides, in its reasonable discretion, not to institute or defend such claim, action or other legal or administrative proceeding, Integra shall notify Open Arms in writing promptly of its decision, providing Open Arms, sufficient time to take appropriate action, and in such event, Open Arms shall be fully responsible for the prosecution or defense of each such claim, action, and legal and administrative proceeding, including then prospective costs and attorneys' fees, except when the claim, action or proceeding relates to Events of Default by Integra, or the independent acts of Integra taken outside the scope of the performance of its duties hereunder, or the negligence , willful misconduct or breach by Integra of its obligations hereunder, except that Integra agrees to provide reasonable assistance to Open Arms with respect to such matters upon request by Open Arms.

16. Compliance with Public Law 96-499.

(a) Pursuant to regulations promulgated by the Federal Health Care Financing Administration, an agency of the Department of Health and Human Services, implementing Section 952 of the Omnibus Reconciliation Act of 1980 (P.L. 96-499) or any subsequent legislation conditioning reimbursement on the cost of services performed, insofar as this Agreement covers services valued at or costing $10,000 or more over a twelve (12) month period, the parties agree to provide the Secretary of Health and Human Resources, upon written request, or the Comptroller General, or their duly authorized representatives, access to this Agreement and the parties' books, documents and records necessary to verify the nature and extent of the cost of the services provided by the parties. Such access shall be provided until the expiration of four (4) years after the services are furnished under this Agreement.

(b) If Integra carries out any duties of this Agreement through a subcontract with an aggregate value or cost of $10,000 or more over a twelve month period with an Affiliate, Integra shall require in writing that the Affiliate shall make available, upon written request, to the Secretary of Health and Human Resources, or the Comptroller General, or their duly authorized representatives, the said subcontract and the books, documents and records of the Affiliate that are necessary to verify the nature and extent

of the costs of the services provided under the said subcontract. The subcontract shall require that such access shall be provided until the expiration of four (4) years after the services are furnished under the contract.

17. **Amendment or Termination as a Result of Governmental Regulation.** The parties acknowledge and agree that this Agreement is intended to comply with all state and federal laws and regulations regarding Medicare and Medicaid fraud and abuse, Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Open Arms shall have the right to terminate or amend this Agreement, if on the advice of its counsel it determines, in its reasonable judgment, that the terms of this Agreement more likely than not would be interpreted to violate any laws or regulations applicable to it, which, if violated, would jeopardize Open Arms' status as a recipient of governmental or private funds for the provision of health care services, or Open Arms' status as an organization described in Section 501(c)(3) of the Code. Notwithstanding such right to terminate, Open Arms shall first use reasonable efforts to amend this Agreement only to the extent necessary to conform the potentially violative terms to the applicable law or regulation, and will only terminate this Agreement pursuant to this Section if it determines, in its reasonable judgment, that an amendment cannot be obtained or will not result in compliance.

18. **Parties Bound.** The provisions of this Agreement shall be binding upon the parties hereto and their respective successors and assigns. Except as specifically provided herein, neither party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other party. No assignment of rights or delegation of duties shall relieve either party, as the case may be, of its obligations hereunder. Notwithstanding the foregoing, however, in respect to transfers after an event of default under the Lease, any person claiming through the deed of trust trustee or a transferee under a deed in lieu of foreclosure (the foregoing collectively referred to as the "Transferee"), the Transferee shall, at its option and without further action by Open Arms, succeed to Open Arms' rights hereunder, with or without the assumption of the obligations of Open Arms hereunder, which assumption shall be at the sole discretion of such Transferee, but in no event shall any of the foregoing be deemed a release of any of the obligations of Open Arms hereunder.

19. **Severability.** In the event any provision hereof shall be modified or held ineffective by any court in any respect, such adjudication shall not invalidate or render ineffective the balance of the provisions of this Agreement.

20. **Entire Agreement; Modification; Waiver.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and completely supersedes any prior oral or written agreements between the parties. Any other agreements with respect to the subject matter hereof between the parties, whether written or oral, are merged herein. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed, or will constitute a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

21. **Notices.** All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been given (i) on the date of delivery by courier or personally, (ii) three (3) business days after deposit in the United States mail, postage prepaid by registered or certified mail, return-receipt requested to the appropriate party at the following addresses.(or at such other address as shall hereafter be designated by any party to the other party by notice given in accordance with this Section):

To Open Arms:

Open Arms Care Corporation
6 Cadillac Drive, Suite 350
Brentwood, TN 37027

With a copy to:

Thomas V. Chorey, Jr.
Barnes & Thornburg LLP
3475 Piedmont Rd., NE, Suite 1700
Atlanta, GA 30305-3327
Fax: 800-753-5139
Phone: 404-846-1693
Email: tchorey@btlaw.com

To Integra:

Integra Resources, LLC
144 Second Avenue, North, Suite 300
Nashville, TN 37201

With a copy to:

Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
Attention: Michael D. Brent, Esq.
Fax: 615-252-6361
Phone: 615-252-2361
Email: mbrent@babc.com

22. **Execution in Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

23. **Further Assurances.** The parties each hereby agree to execute and deliver all of the agreements, documents, and instruments required to be executed and delivered by them in

this Agreement and to execute and deliver such additional instruments and documents and to take such additional actions as may reasonably be required from time-to-time in order to effectuate the transaction contemplated by this Agreement.

24. **Exhibits.** Any Exhibits attached hereto constitute a part of this Agreement and are incorporated herein by reference in their entirety as if fully set forth in this Agreement at the point where mentioned herein.

25. **Tense, Captions.** In construing this Agreement, whenever appropriate, the singular tense shall also be deemed .to mean the plural, and vice-versa, and the captions contained in this Agreement shall be ignored.

26. **Party Rights No Third.** Except as otherwise expressly provided herein or in the Lease, the provisions of this Agreement shall not entitle any person not a signatory hereto to any rights or reliance hereunder or in respect hereof, as a third party beneficiary or otherwise, it being the specific intention of the parties herein to preclude any and all such persons non-signatory hereto from such rights.

27. **Survival.** Any rights or obligations accrued under this Agreement at the expiration or termination of this Agreement shall survive such termination.

28. **Replacement Facility.** In the event a new replacement facility should be substituted for the Facility, whether on the same site or at a different location within the market area, all rights or obligations of the parties, including the remaining term, pursuant to this Agreement shall apply with respect to the new replacement Facility.

29. **Public Statements.** Unless otherwise required by law or court order, prior to the Commencement Date, neither Open Arms or Integra shall, without the prior written consent of the other party hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement. Provided, however, that Integra and Open Arms may announce the execution of this Agreement to their respective employees.

30. **Arbitration**. The parties hereto agree and stipulate that all claims, disputes and other matters in question or at issue between them arising out of or relating to this Agreement or the breach thereof, including, without limitation, any dispute or question concerning the scope of this arbitration clause, will be decided by arbitration in Nashville, Tennessee, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, subject to the limitations of this Section 30. This covenant to arbitrate will be specifically enforceable under the prevailing law of any court having jurisdiction. The parties hereto agree that one arbitrator shall arbitrate all disputes. Notice of a demand for arbitration shall be filed in writing by either party hereto with the other party hereto and with the American Arbitration Association. The demand for arbitration shall be made no later than the date when institution of legal or equitable proceedings based on the claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrator will be final, judgment may be entered upon it in any court having jurisdiction thereof, and the award will not be subject to vacation, modification or appeal, except to the extent permitted by Sections 10 and 11 of the Federal Arbitration Act, the terms of which Sections the parties hereto agree shall apply. Each of

the parties hereto submits to the jurisdiction of the state courts of Davidson County, Tennessee for purposes of the entry of any judgment arising out of the award of the arbitrator. All costs and expenses of each of the parties hereto with respect to the arbitration (including reasonable attorneys' fees) and the expenses of the arbitrators shall be paid by the party hereto against whom a determination by the arbitrator is made or, in the absence of a determination against one party hereto, as such arbitrator directs.

31. Overriding Provisions.

(a) Notwithstanding the execution date hereof, it is agreed and understood by the parties hereto that this Agreement shall be considered the agreement pursuant to which the "Manager," as such term is defined under the Lease, manages the Facility.

(b) Notwithstanding anything to the contrary contained herein, it is the intent of the parties hereto that this Agreement in all respects shall conform to the terms and conditions of the Lease. Accordingly, to the extent that any term or condition contained herein or hereunder shall conflict with any such terms or conditions contained in the Lease, then the provisions of the Lease shall control in all respects, and the terms of this Agreement shall be automatically deemed amended in an agreeable manner in order to bring this Agreement into compliance with the Lease.

(c) Notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of the default by either party hereto pursuant to the terms of any other ICF/IID Facilities Management Agreement, or the terms of the Global Management Agreement of even date herewith, the result of which default entitles the non-defaulting party thereunder to terminate such agreement, by giving notice thereof to the defaulting party, said non-defaulting party shall have an identical right to terminate this Agreement, just as if there had been an Event of Default hereunder by said defaulting party for which there was no cure within any applicable cure period.

(d) Further notwithstanding anything to the contrary herein contained, it is understood and agreed that in the event of a conflict between the provisions of this Agreement and the provisions of that certain Global Agreement to Provide Management Services, as amended, between the parties hereto executed simultaneously with the execution hereof (the "Global Agreement," by reference made an integral part hereof), the provisions of this Agreement shall govern and control over the provisions of the Global Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year set forth below, effective as of the Commencement Date first above written.

OPEN ARMS CARE CORPORATION

By:_____
Name:
Title:

INTEGRA RESOURCES, LLC

By:_____
Name:
Title:

Supplemental #1
October 30, 2017
8:51 am

EXHIBIT A

FACILITY ANNUAL BUDGET

[to be attached after finalization and approval in writing by each party hereto]

Supplemental #1
October 30, 2017
8:51 am

Supplemental Attachment – Revised Plot Map

Shelby 1 and 2

Supplemental #1

October 30, 2017

8:51 am

TOM LEATHERWOOD, REGISTER OF DEEDS
SHELBY COUNTY, TENNESSEE

DISCLAIMER: PROPERTY TAX MAPS AND PARCEL BOUNDARIES DO NOT REFLECT ACCURATE SURVEY INFORMATION OR EXACT LEGAL OWNERSHIP BOUNDARIES, AND ARE ONLY PROVIDED FOR GENERAL INFORMATION PURPOSES. THEREFORE, THEY SHOULD NOT BE RELIED UPON AS A REPRESENTATION OF ANY PROPERTY FOR ANY PURPOSE.

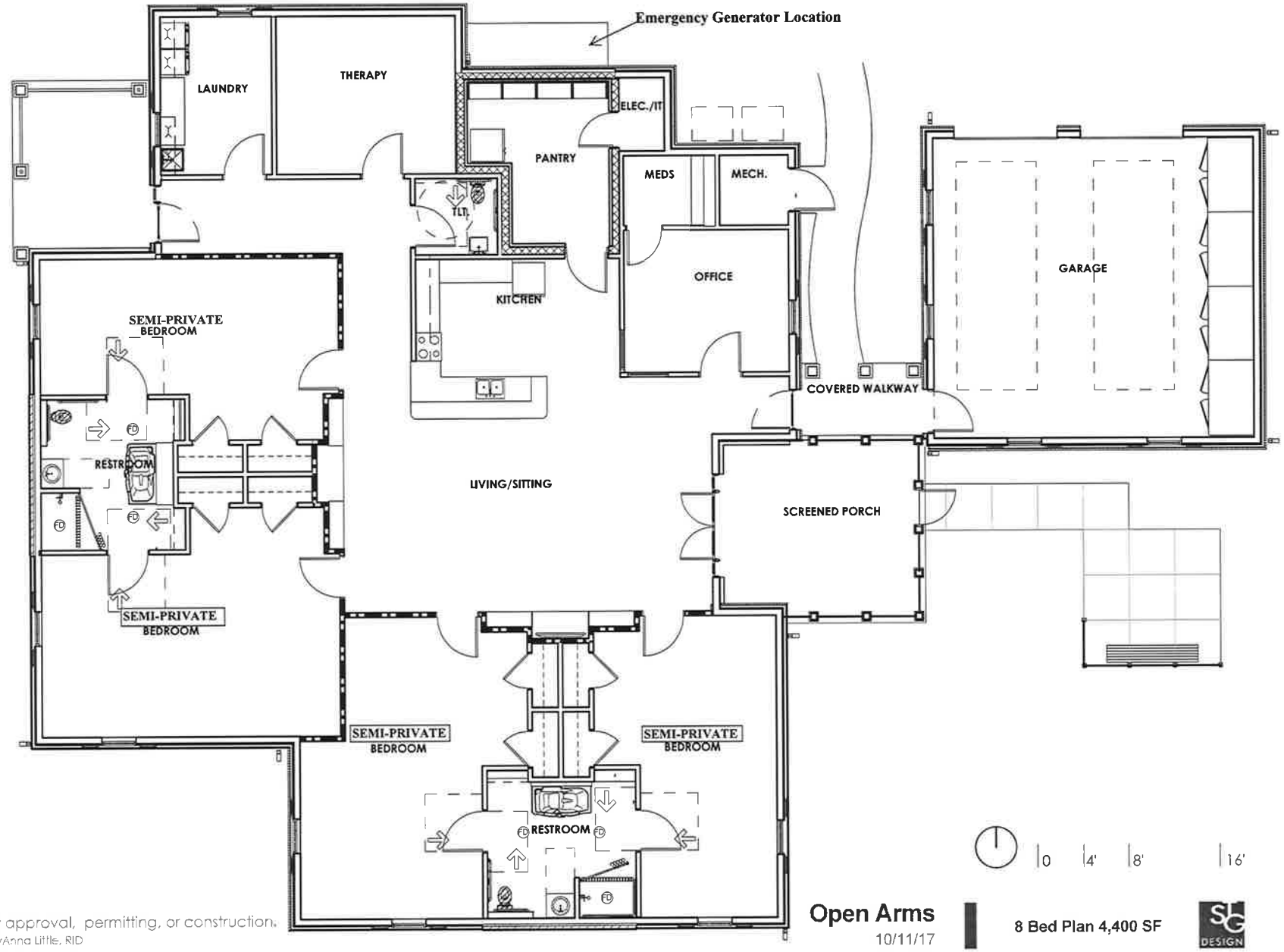
MAP DATE: October 11, 2017

0 190 380
ft

Supplemental #1
October 30, 2017
8:51 am

Supplemental Attachment – Revised Floor Plan

Supplemental #1
October 30, 2017
8:51 am



Not for regulatory approval, permitting, or construction.
Registrant's Name: PollyAnna Little, RID

10/11/2017 11:15:09 AM
Local File Path: C:\Users\cjones\Documents\STG Revit 2015 Local Models\8BED_V15_cjones.rvt
Central File Path: S:\ Studio XX\ Type Full Path and File Name Here

Open Arms
10/11/17

8 Bed Plan 4,400 SF

SG DESIGN

Supplemental #1
October 30, 2017
8:51 am

Supplemental Attachment – Funding Documentation

Supplemental #1
October 30, 2017
8:51 am

SERVISFIRST BANK
1801 West End Avenue
Suite 850
Nashville, TN 37203
T 615.921.3500
www.servisfirstbank.com

Servis 1st Bank

October 10, 2017

Ms. Melanie Hill
Executive Director
Tennessee Health and Development Services Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37242

RE: Financing Letter of Interest for construction and permanent financing of replacement facilities for Open Arms Care Corporation.

Dear Ms. Hill :

I am writing in regards to my recent discussions with the senior management team of Facilities Development Group and Open Arms Care Corporation concerning construction and permanent financing for up to $12,000,000; for 8 replacement facilities associated with a Certificate of Need Application for the replacement of 8 residential homes in Memphis, TN.

On behalf of ServisFirst Bank (the "Bank"), I am pleased to advise you of the Bank's intent to extend to Facilities Development Group, LLC (the "Borrower") an up to $12,000,000 Term Loan Credit Facility (the "Credit Facility"). The Credit Facility is expected to mature 7 years from closing and will be utilized for the construction and permanent financing of 8 replacement facilities for lease to Open Arms Care Corporation. Open Arms Care Corporation would replace the existing 8 residential facilities it currently operates in the Memphis, TN market. Based on current market conditions and the anticipated loan to value ratio, the interest rate on the Credit Facility is anticipated to be between 5% and 5.50%. The Credit Facility would include security documentation typical for a transaction of this type, including deeds of trust, and assignments of leases. It would also be subject to provisions substantially similar to the Credit Facilities currently in place for Facilities Development Group and its loan for facilities operated by Open Arms Care Corporation, as well as conditions precedent, terms, loan covenants, and performance ratios that are standard for a transaction of this type (for example, a ratio of cash flow to fixed charges of not less than 1.15 to 1.00 is required in the current Credit Facility documents).

Supplemental #1
October 30, 2017
8:51 am

ServisFirst Bank very much looks forward to working with Facilities Development Group and Open Arms Care Corporation on this important project. Please feel free to contact me if you have any questions or need additional information from the Bank.

Sincerely,

Bill Berrell
Senior Vice President
Director, Healthcare Banking

Supplemental #1
October 30, 2017
8:51 am

Supplemental Attachment – Replacement Historical and Projected Data Charts

☑ Total Facility
☐ Project Only

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2014	Year 2015	Year 2016
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	2,872	2,896	2,910
B. Revenue from Services to Patients			
1. Inpatient Services	$ 1,197,706	$ 1,226,720	$ 1,393,763
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue (Specify) Donations	4,302		2,126
Gross Operating Revenue	$ 1,202,008	$ 1,226,720	$ 1,395,889
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$	$	$
2. Provision for Charity Care			
3. Provisions for Bad Debt	321		20
Total Deductions	$ 321	$ 0	$ 20
NET OPERATING REVENUE	$ 1,201,687	$ 1,226,720	$ 1,395,869
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	637,108	644,028	681,317
b. Non-Patient Care	40,667	41,108	43,488
2. Physician's Salaries and Wages			
3. Supplies	60,409	64,107	59,804
4. Rent			
a. Paid to Affiliates			
b. Paid to Non-Affiliates		117,825	153,600
5. Management Fees:			
a. Paid to Affiliates			
b. Paid to Non-Affiliates		56,070	74,760
6. Other Operating Expenses	386,485	382,834	439,135
Total Operating Expenses	$ 1,124,669	$ 1,305,972	$ 1,452,104
E. **Earnings Before Interest, Taxes and Depreciation**	$ 77,018	$ -79,252	$ -56,235
F. Non-Operating Expenses			
1. Taxes	$	$	$
2. Depreciation	34,853	74,091	91,680
3. Interest	18,772	12,528	16,569
4. Other Non-Operating Expenses	53,425		
Total Non-Operating Expenses	$ 107,050	$ 86,619	$ 108,249
NET INCOME (LOSS)	$ -30,032	$ -165,871	$ -164,484

Chart Continues Onto Next Page

Supplemental #1

October 30, 2017

8:51 am

NET INCOME (LOSS)	$ -30,032	$ -165,871	$ -164,484
G. Other Deductions			
1. Annual Principal Debt Repayment	$ 53,760	$ 74,091	$ 91,680
2. Annual Capital Expenditure			
Total Other Deductions	$ 53,760	$ 74,091	$ 91,680
NET BALANCE	$ -83,792	$ -239,962	$ -256,164
DEPRECIATION	$ 34,853	$ 74,091	$ 91,680
FREE CASH FLOW (Net Balance + Depreciation)	$ -48,939	$ -165,871	$ -164,484

☒ Total Facility

☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2014	Year 2015	Year 2016
1. Professional Services Contract	$ 71,409	$ 70,735	$ 81,137
2. Insurance	14,374	14,238	16,332
3. IT Support	7,383	7,314	8,389
4. Leased Equipment & Vehicles	18,613	18,437	21,148
5. Repairs & Maintenance	20,534	20,340	23,331
6. Provider Tax	65,029	64,414	73,887
7. Utilities	25,000	24,764	28,406
8. Transportation & Travel	13,745	13,616	15,618
9. Communications	9,036	8,951	10,267
10. Miscellaneous	141,362	140,025	160,620
Total Other Expenses	$ 386,485	$ 382,834	$ 439,135

☑ Total Facility
☐ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 2018	Year 2019
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	2,910	2,898
B. Revenue from Services to Patients		
1. Inpatient Services	$ 1,506,119	$ 1,509,098
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify) Donations		
Gross Operating Revenue	$ 1,506,119	$ 1,509,098
C Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	$ 0	$ 0
NET OPERATING REVENUE	$ 1,506,119	$ 1,509,098
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	681,691	689,916
b. Non-Patient Care	43,512	44,037
2. Physician's Salaries and Wages		
3. Supplies	60,831	61,500
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	152,632	149,474
5. Management Fees:		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	74,760	74,760
6. Other Operating Expenses	449,350	453,055
Total Operating Expenses	$ 1,462,776	$ 1,472,742
E. **Earnings Before Interest, Taxes and Depreciation**	$ 43,343	$ 36,356
F. Non-Operating Expenses		
1. Taxes	$	$
2. Depreciation	26,575	4,874
3. Interest	16,569	16,423
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	$ 43,144	$ 21,297
NET INCOME (LOSS)	$ 199	$ 15,059

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ 199	$ 15,059
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	$ 26,575	$ 4,874
2. Annual Capital Expenditure		
Total Other Deductions	$ **26,575**	$ **4,874**
NET BALANCE	$ (26,376)	$ 10,185
DEPRECIATION	$ 26,575	$ 4,874
FREE CASH FLOW (Net Balance + Depreciation)	$ 199	$ 15,059

☑ Total Facility

☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2018	Year 2019
1. Professional Services Contract	$ 83,025	$ 83,709
2. Insurance	16,712	16,850
3. IT Support	8,584	8,655
4. Leased Equipment & Vehicles	21,640	21,819
5. Repairs & Maintenance	23,874	24,071
6. Provider Tax	75,606	76,229
7. Utilities	29,067	29,306
8. Transportation & Travel	15,981	16,113
9. Communications	10,506	10,592
10. Miscellaneous	164,355	165,712
Total Other Expenses	**$ 449,350**	**$ 453,056**

Supplemental Attachment – Replacement Attachment B – Contribution to the Orderly Development of Health Care – D1

Supplemental #1
October 30, 2017
8:51 am

STATE OF TENNESSEE
DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES

LICENSE

THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES GRANTS THIS FULL LICENSE IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 33, CHAPTER 2, PART 4 TO:

OPEN ARMS CARE CORPORATION

(Name of Licensee)

TO OPERATE A FACILITY OR SERVICE IDENTIFIED AND LOCATED AS FOLLOWS FOR THE PROVISION OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES OR PERSONAL SUPPORT SERVICES:

Greendale Home 1 - Memphis

(Name of Facility or Service as Known to the Public)

1445 Greendale Avenue, Memphis, TN 38127

(Street Address or Location, City or Town)

THE LICENSEE HAS DEMONSTRATED COMPLIANCE WITH T.C.A. TITLE 33, CHAPTER 2, PART 4 AND WITH RULES OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES.

THIS LICENSE AUTHORIZES LIFE SAFETY OCCUPANCY CLASSIFICATIONS AND THE FOLLOWING DISTINCT CATEGORY OF FACILITY OR SERVICES TO BE PROVIDED:

Distinct Category	Accessible to mobile, non-ambulatory individuals	Approved for persons with: Hearing Loss	Vision Impairment	Capacity	Occupancy Classification
ID & DD Institutional Habilitation Facility	Y	Y	Y	8	Health Care

September 01, 2017	August 31, 2018	L000000016969
Date License Granted	Date License Expires	License Number

Commissioner of Department Of Intellectual & Developmental Disabilities

THIS LICENSE IS NON-TRANSFERABLE AND NON-ASSIGNABLE.
POST THIS LICENSE IN A CONSPICUOUS PLACE.

16969

Supplemental #1
October 30, 2017
8:51 am

OCT 30 '17 AM8:48

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

Michael D. Brent, being first duly sworn, says that I am the attorney for the manager of applicant named in this Certificate of Need application, or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

By: _____
Michael D. Brent

Sworn to and subscribed before me, a Notary Public, this the 27th day of October, 2017, witness my hand at office in the County of Davidon, State of Tennessee.

_____
NOTARY PUBLIC

CYNTHIA A. EVANS-DILL
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires SEPT. 7, 2021

My commission expires Sept. 7, 2021.

Supplemental #2

Open Arms Care Corporation dba Bartlett #1 Old Brownsville Road – East

CN1710-031

SUPPLEMENTAL #12

October 31, 2017
3:38 pm

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax:615/532-9940

October 31, 2017

Michael Brent
Attorney
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203

RE: Certificate of Need Application CN1710-031
Open Arms Care

Dear Mr. Brent:

This will acknowledge our October 30, 2017 receipt of your supplemental response for the relocation of an 8 licensed bed ICF/IID home from **1445** Greendale Avenue, Memphis (Shelby County), TN to an unaddressed site located on the southwest corner of the intersection of Old Brownsville Road and Oak Road, Bartlett (Shelby County), TN 38002. The proposed site is the **east** half of the parcel described as Parcel B014800061 in the records of the Shelby County Tax Assessor.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4 pm, Tuesday October 31, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section A: Applicant Profile**

   The Letter of Intent for the project refers to a lot being on the "west" half of the approximately 8.5 acres located on the southwest corner of the intersection of Old Brownsville Road and Oak Road. However, the applicant places in parenthesis (East) in the name of the project name which appears to refer to the east half. Please clarify and submit a corrected page 1 if necessary.

   Response: The first supplemental information requests received for this application and the sister application filed simultaneously indicated that CN1710-030 was associated with the West half, which is currently located at 1457 Greendale Avenue per the Letter of Intent and the application, while CN1710-031 was associated with the East Half, which is currently located at 1445 Greendale Avenue per the Letter of Intent and the application for that project. Based on these supplemental requests, the

SUPPLEMENTAL #1/2
October 31, 2017
3:38 pm

Applicant responded consistently and the current supplemental information requests are incorrectly labeled. The one exception to the above is one response to the first question on the first supplemental request. The response for 1445 Greendale (CN1710-031) mistakenly included the response for 1457 Greendale, so a replacement page for that page of the supplemental response is included to correct this as R-Page 2 in Supplemental Attachment – Replacement Pages.

So as to remain consistent, the Applicant has responded to all of the questions labeled for application CN1710-030 with responses for 1457 Greendale Avenue (the West half) and to all of the questions for application CN1710-031 with responses for 1445 Greendale Avenue (the East half). The Applicant also made corresponding changes to the first page in bold.

2. **Section B, Economic Feasibility, Item E (1) Average Gross Charge, Average Deduction from Operating Revenue, and Average Net Charge**

The chart on the top of page R-34 is noted. However, it appears the chart is incorrect. Please use the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Historical Data Chart for the previous year, and the revised Projected Data Chart for Year One and Year 2 of the proposed project. Please revise and submit a revised page 34 (34-R2).

Response: As previously noted, due to the cost-report based charges as opposed to provider-based charges, using the agency's formula of projected gross charges divided by utilization will not sync up with the actual per diem rate charged by the Applicant. To reiterate, the Applicant has no control over its per diem rate, as this rate is set annually by the comptroller based on the previous year's cost-report. Therefore the Applicant, due to anticipation that the actual per diem rate set by the comptroller will be closer to its predicted $537.45, has revised the Projected Data Chart attached hereto at Supplemental Attachment – Replacement Project Data Chart.

3. **Section B, Economic Feasibility, Item B**

The applicant notes the proposed project will be financed through a commercial loan. However, the applicant will finance the proposed project through a lease. Please only check #6-"Other", identifying a lease as the funding for the proposed project and submit a replacement page 27 (27-R).

Response: Please see R-27 in Supplemental Attachment – Replacement Pages which notes that the commercial loan obtained by FDG will be repaid using the Applicant's lease payments.

4. **Section B, Economic Feasibility, Item G**

The revised gross charge for Year One in the Projected Data Chart is noted. However, please revise the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue to which Medicare, TennCare/Medicaid, and medically indigent patients will be served. Please provide a replacement page 35 (35-R2).

Response: Please see R2-35 in Supplemental Attachment – Replacement Pages, which reflects the revised Projected Data Chart revenue dollar amount.

5. **Section B, Orderly Development, Item D Items D-2**

It is noted no deficiencies were found at the applicant's last inspection for the facility. However, please provide documentation from the Department of Intellectual and Developmental Disabilities that documents the survey and results.

Response: Please see Supplemental Attachment – DIDD Correspondence for an October 25, 2017 letter from the Department of Intellectual and Developmental Disabilities ("DIDDs") indicating that the location is in compliance with applicable licensure rules. No other documentation has been provided to the facility by DIDDs, but the issuance of the attached October 25, 2017 letter confirms that the Applicant's license is in good standing with no corrections outstanding.

6. **Project Completion Forecast Chart**

The Project Completion Forecast Chart with a projected Agency decision in February 2018 is noted. However, the applicant is requesting Consent Calendar which would possibly place the Agency decision date in December 2017. Please clarify if the applicant plans to rescind the Consent Calendar request if the application is deemed complete by the end of the day October 31, 2017.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60th) day after written Notification is Tuesday, December 19, 2017. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. ɜ 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive

SUPPLEMENTAL #12
October 31, 2017
3:38 pm

Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart
Health Services Development Examiner

PME
Enclosure

SUPPLEMENTAL #~~1~~2

SHELBY #2

October 31, 2017

3:38 pm

Supplemental Attachment – DIDD Correspondence

SUPPLEMENTAL #1/2
October 31, 2017
3:38 pm

October 25, 2017

Ms. Vicki Cox
Open Arms Care Corporation
P. O. Box341185
Memphis, TN 38184

Dear Ms. Cox:

Attached are Full Licenses issued to Open Arms Care Corporation to operate facilities/services at the addresses listed herein. These licenses are effective September 01, 2017 and will expire on August 31, 2018. This Full License indicates that this facility/service has been found to be in full compliance with applicable Licensure rules.

Allendale Drive Home 1 - Memphis at 4695 Allendale Drive, Memphis, TN 38128
Attached: L000000016965 - ID & DD Institutional Habilitation Facility, Capacity: 8

Allendale Drive Home 2 - Memphis at 4707 Allendale Drive, Memphis, TN 38128
Attached: L000000016966 - ID & DD Institutional Habilitation Facility, Capacity: 8

Benjestown Home 1 - Memphis at 5350 Benjestown Road, Memphis, TN 38127
Attached: L000000016967 - ID & DD Institutional Habilitation Facility, Capacity: 8

Benjestown Home 2 - Memphis at 5380 Benjestown Road, Memphis, TN 38127
Attached: L000000016968 - ID & DD Institutional Habilitation Facility, Capacity: 8

Greendale Home 1 - Memphis at 1445 Greendale Avenue, Memphis, TN 38127
Attached: L000000016969 - ID & DD Institutional Habilitation Facility, Capacity: 8

Greendale Home 2 - Memphis at 1457 Greendale Avenue, Memphis, TN 38127
Attached: L000000016970 - ID & DD Institutional Habilitation Facility, Capacity: 8

Raleigh Millington Home 1 - Memphis at 4240 Raleigh Millington Road, Memphis, TN 38128
Attached: L000000016971 - ID & DD Institutional Habilitation Facility, Capacity: 8

Raleigh Millington Home 2 - Memphis at 4254 Raleigh Millington Road, Memphis, TN 38128
Attached: L000000016972 - ID & DD Institutional Habilitation Facility, Capacity: 8

A program evaluation of each facility/service will be conducted prior to the license expiration date.

Your cooperation with the licensure program is appreciated. Please call on us if we may be of assistance to you.

Sincerely,

Lee Vestal
Director of Risk Management and Licensure
Department of Intellectual and Developmental Disabilities

SUPPLEMENTAL #12

Supplemental Attachment –Replacement Projected Data Chart

October 31, 2017

3:38 pm

SUPPLEMENTAL #1/2

October 31, 2017
3:38 pm

☑ Total Facility
☐ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	2,910	2,898
B. Revenue from Services to Patients		
1. Inpatient Services	$ 1,563,978	$ 1,588,684
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify) Donations		
Gross Operating Revenue	**$ 1,563,978**	**$ 1,588,684**
C Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	**$ 0**	**$ 0**
NET OPERATING REVENUE	$ 1,563,978	$ 1,588,684
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	681,691	689,916
b. Non-Patient Care	43,512	44,037
2. Physician's Salaries and Wages		
3. Supplies	60,831	61,500
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	152,632	149,474
5. Management Fees:		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	74,760	74,760
6. Other Operating Expenses	449,350	453,055
Total Operating Expenses	**$ 1,462,776**	**$ 1,472,742**
E. **Earnings Before Interest, Taxes and Depreciation**	$ 101,202	$ 115,942
F. Non-Operating Expenses		
1. Taxes	$	$
2. Depreciation	26,575	4,874
3. Interest	16,569	16,423
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	**$ 43,144**	**$ 21,297**
NET INCOME (LOSS)	$ 58,058	$ 94,645

Chart Continues Onto Next Page

SUPPLEMENTAL #12

October 31, 2017
3:38 pm

NET INCOME (LOSS)	$ 58,058	$ 94,645
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	$ 26,575	$ 4,874
2. Annual Capital Expenditure		
Total Other Deductions	$ **26,575**	$ **4,874**
NET BALANCE	$ 31,483	$ 89,771
DEPRECIATION	$ 26,575	$ 4,874
FREE CASH FLOW (Net Balance + Depreciation)	$ 58,058	$ 94,645

☑ Total Facility

☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 1	Year 2
1. Professional Services Contract	$ 83,025	$ 83,709
2. Insurance	16,712	16,850
3. IT Support	8,584	8,655
4. Leased Equipment & Vehicles	21,640	21,819
5. Repairs & Maintenance	23,874	24,071
6. Provider Tax	75,606	76,229
7. Utilities	29,067	29,306
8. Transportation & Travel	15,981	16,113
9. Communications	10,506	10,592
10. Miscellaneous	164,355	165,712
Total Other Expenses	**$ 449,350**	**$ 453,056**

SUPPLEMENTAL #1/2

Supplemental Attachment – Replacement Pages

October 31, 2017
3:38 pm

A typical day for a resident of an ICF/IID home begins with personal hygiene activities and breakfast, followed by programming such as habilitation and active treatment (physical therapy, vocational therapy, socialization, etc.), sometimes at a day center if prescribed in the resident's ISP. A resident's acuity level determines whether or not required physical therapy or occupational therapy takes place in the facility or in a different location.

Please clarify if the applicant will provide care to residents who are medically fragile. If so, how will this home be equipped to provide adequate medical care?

Response: The Applicant will be providing care to many medically fragile residents. Medically fragile residents tend to require more hours from registered and licensed practical nurses. In addition, the Applicant will equip the proposed facility with wheelchairs required to facilitate some client's mobility. The Applicant, however, notes that a client's changing condition or a new admission could require the Applicant to have equipment similar to that found in skilled nursing facilities such as hospital beds, wheelchairs, respirators, incubators and tube feeding equipment.

The applicant lists the location of the current ICF/IID home subject to this application as 1447 Greendale Drive, Memphis, TN. However, the Department of Intellectual and Developmental Disabilities list sites at 1445 Greendale Avenue and 1457 Greendale Avenue only. Please clarify.

Response: The address for this application is 1445 Greendale Avenue, while the address for the facility's sister location, for which an application was filed simultaneously, is 1457 Greendale Avenue.

What are the advantages of being licensed as an 8 bed ICF/IID home over being licensed as a 4 bed ICF/IID home?

Response: An 8-bed ICF/IID provides the same services as a 4-bed ICF/IID home but presents less of a strain on the Medicaid system, which is trying to contain ICF/IID costs. Larger facilities permit "economies of scale" with respect to a variety of categories ranging from expenses for supplies to staffing. Consequently, the daily rate for 8-bed facilities is generally less than that charged for 4-bed ICF/IID facilities. For example, the Life Bridges CON referenced below notes an anticipated per diem charge of $636.30 in Year 1 while the Applicant anticipates a $537.45 per diem charge in Year 1.

Please indicate what the plans are for the current ICF/IID facility if this application for relocation is approved.

Response: The Applicant does not have any input with respect to the plans for the building where the current ICF/IID facility is located, as it is leased from a non-profit housing organization that provides affordable and special needs housing. On transfer of services to a new facility following approval of this application, the owner of the current facility location will utilize the property for its programs or dispositions.

Please provide a brief overview of Open Arms Care Day Services Program located at 5120 Yale Road, Memphis, TN.

Response: The habilitation care model for most Open Arms Care Corporation ("Open Arms") clients is to leave the residential facility on weekdays to attend

B. Identify the funding sources for this project.

SUPPLEMENTAL #12
October 31, 2017
3:38 pm

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)***

___ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

___ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

___ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;

___ 4) Grants - Notification of intent form for grant application or notice of grant award;

___ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

_X_ 6) Other - Identify and document funding from all other sources.

Response: The cost of the project will be paid through a commercial loan from ServisFirst Bank to FDG, which FDG will pay back using the Applicant's lease payments. Please see Attachment B – Economic Feasibility – B for documentation to this effect.

C. Complete Historical Data Charts on the following two pages — Do ***not modify the Charts provided or submit Chart substitutions!***

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Response: Please see Attachment B. Economic Feasibility – C. The Applicant's payment for the ICF/IID services it provides will be reimbursement from TennCare be based on its expenses such that its funding will equal its expenses. Therefore, there will be no surplus revenue. Further, the Applicant anticipates no bad debt due to its reimbursement by TennCare for 96% of its expenses, with the remaining 4% anticipated to come from residents' SSI income.

Please note that the Applicant's lease payments are structured to allow the Landlord to fulfill its responsibility to maintain the building, so the Applicant will not be responsible for repairs and upkeep of the facility beyond the usual tenant duties such as lawn care and cleaning. Additionally, the Projected Data Chart accounts for residents' dietary meals and "Supplies" expenses in the "Other Expenses" line item at D.9 in the chart itself and in the "Programming

Net Operating Margin Ratio	.064	-.065	-.040	.029	.024

3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

Response: Using 2016 data, the capitalization ratio for the Applicant is 146.88% after calculating per the formula ((2,000,000/(2,000,000 +(-638,307)))x100 = 146.88%).

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Response: All Residents are TennCare/Medicaid recipients. This project is intended to provide specialized services to TennCare/Medicaid recipients in need of ICF level care. The Applicant anticipates that 96% of its revenue, or $1,501,420.32, will come from TennCare with the remaining 4%, or $62,559.18, coming from residents' SSI income.

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2017)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
RN	0.25	0.25	$60,000	$57,590
LPN	1.98	1.98	$38,565	$37,180
Qualified MR Professional	0.13	0.13	$65,000	N/A
Direct Support Staff	12.50	12.50	$22,431	$23,340
Total Direct Patient Care Positions	14.86	14.86		
b) Non-Patient Care Positions				
Resident Manager	1.00	1.00	$34,000	N/A
Maintenance	0.25	0.25	$34,000	N/A
Central Office	0.75	0.75	Varies	Varies
Total Non-Patient Care Positions	2	2		
Total Employees (A+B)	16.86	16.86		

SUPPLEMENTAL #~~1~~2
October 31, 2017
3:38 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

Michael D. Brent, being first duly sworn, says that I am the attorney for the manager of applicant named in this Certificate of Need application, or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

By: _____
Michael D. Brent

Sworn to and subscribed before me, a Notary Public, this the 31st day of October, 2017, witness my hand at office in the County of Davidon, State of Tennessee.

_____
NOTARY PUBLIC

My commission expires Sept. 7, 2021.

CYNTHIA A. GRANT-DILL
TENN NOT PUB
DAVIDSON COUNTY
My Commission Expires SEPT. 7, 2021