

NOTICE OF CHANGE OF OWNERSHIP/CONTROL

The following notification of intent is provided pursuant to all applicable provisions of ALA. CODE § 22-21-270 (1975 as amended) and ALA. ADMIN. CODE r. 410-1-7-.04. This notice must be filed at least twenty (20) days prior to the transaction.

- Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))
- Change in Certificate of Need Holder (ALA. CODE § 22-20-271(f))
- Change in Facility Management (Facility Operator)

Any transaction other than those above-described requires an application for a Certificate of Need.

Part I: Facility Information

SHPDA ID Number: _____

(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

081-54140

Name of Facility/Provider:
(ADPH Licensure Name)

NORTHRIDGE SPECIALTY CARE ASSISTED
LIVING FACILITY, THE

Physical Address:

801 MORRIS AVENUE OPELIKA, AL36803

County of Location:

SHELBY

Number of Beds/ESRD Stations:

16

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. _____

Part II: Current Authority (Note: If this transaction will result in a change in direct ownership or control, as defined under ALA. CODE § 22-20-271(e), please attach organizational charts outlining current and proposed structures.)

Owner (Entity Name) of
Facility named in Part I:

NORTHRIDGE SCALF, LLC

Mailing Address:

801 MORRIS AVENUE

OPELIKA, AL 36803

Operator (Entity Name):

NORTHRIDGE SCALF, LLC

Part III: Acquiring Entity Information

Name of Entity:

TEC FREEDOM MANAGEMENT, LLC

Mailing Address:

6171 TUCKER MOUNTAIN RD.

REMLAP, AL. 35133

Operator (Entity Name):

TEC FREEDOM MANAGEMENT, LLC

Proposed Date of Transaction is on or after:

DECEMBER 1, 2016

Part IV: Terms of Purchase

Monetary Value of Purchase:

\$ 550,000.00

Type of Beds:

SPECIALTY CARE ASSISTED LIVING FACILITY

Number of Beds/ESRD Stations:

16

Financial Scope: to Include Preliminary Estimate of the Cost Broken Down by Equipment, Construction, and Yearly Operating Cost:

Projected Equipment Cost:

\$ INCLUDED IN PRICE

Projected Construction Cost:

\$ N/A

Projected Yearly Operating Cost:

\$ 871,056.00

Projected Total Cost:

\$ 871,056.00

On an Attached Sheet Please Address the Following:

- 1.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service, whether the service is an extension of a presently offered service, or whether the service is a new service). I AM A LICENSSED ADMINISTRATOR WITH A NEW BUSINESS. I HAVE OPERATED SCALE FOR OVER 15 YEARS BUT NOT HOLD THE CON.
- 2.) Whether the proposal will include the addition of any new beds. No
- 3.) Whether the proposal will involve the conversion of beds. No
- 4.) Whether the assets and stock (if any) will be acquired. ASSET ACQUISITION, NO STOCK ACQUIRED.

Part V: Certification of Information

Current Authority Signature(s):

The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s):

SHASHI SHARMA / Shashi Sh

Operator(s):

~~OWNER~~

Title/Date:

OWNER

11-10-16

SWORN to and subscribed before me, this 10 day of November, 2016.

(Seal)

[Signature]
Notary Public

My Commission Expires: MY COMMISSION EXPIRES MAY 22, 2019

Acquiring Authority Signature(s):

I agree to be responsible for reporting of all services provided during the current annual reporting period, as specified in ALA. ADMIN. CODE r. 410-1-3-12. The information contained in this notification is true and correct to the best of my knowledge and belief.

Purchaser(s): THOMAS E. CUMMINGS [Signature]

Operator(s): TEC FREEDOM MANAGEMENT

Title/Date: OWNER 11-10-2016

SWORN to and subscribed before me, this 10 day of November, 2016.

(Seal)

[Signature]
Notary Public

My Commission Expires: MY COMMISSION EXPIRES MAY 22, 2019

Author: Alva M. Lambert
Statutory Authority: § 22-21-271(c), Code of Alabama, 1975
History: New Rule

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement") made effective as of the 1st day of December, 2016, by and between Northridge SCALF, LLC DBA Northridge Assisted Living, an Alabama limited liability company and Maple Lane Assisted Living, LLC DBA Maplewood Lane Assisted Living (the "Owner") and TEC Freedom Management, LLC, a Alabama limited liability company (the "Manager").

WHEREAS, the Owner owns and is currently licensed to operate a 16 bed memory care community known as Northridge Assisted Living located at 801 Morris Avenue Opelika, Alabama 36801 and 16 bed Assisted Living Community known as Maplewood Lane Assisted Living with Vacant site located at 223 Tucker Road Helena, Alabama 35080; and

WHEREAS, the Owner desires to retain Manager under the terms of this Agreement to provide its experience, skill and supervision to operate the Facilities on behalf of Owner; and

WHEREAS, the Manager is desirous of performing management services on behalf of Owner under and subject to the terms of this Agreement; and

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

ARTICLE I. **MANAGEMENT DUTIES AND OBLIGATIONS**

Section 1.01 Appointment of Manager. Effective December 1, 2016 or such other date as agreed to between the Parties (the "Appointment Date"), Manager is hereby designated and appointed by Owner as the exclusive manager of the Facilities, and subject to the limitations set forth in this Agreement, Manager shall have the right to direct, supervise, manage and operate the Facilities on behalf of the Owner from and after said Appointment Date on a day-to-day basis in accordance with the provisions of this Agreement. Notwithstanding the foregoing, Manager shall have full access to the Facilities beginning on or before December 1, 2016 (as agreed to by Owner and Manager) and continuing throughout the Term of the Agreement. Manager accepts such appointment subject to, and agrees to perform the duties of Manager in accordance with, the terms and conditions of this Agreement. Owner acknowledges that the Manager will manage other senior living and assisted living facilities. Pursuant to this Agreement and the consent agreement executed by Owner and the Alabama Department of Public Health ("ADPH" or the "Department"), Manager shall submit to ADPH a properly completed Change of Ownership Form and be appropriately licensed by ADPH prior to the Appointment Date.

Section 1.02 Duties of Manager at Owner's Expense. Manager shall perform the duties described in (a) through (n) below at the cost and expense, and for the benefit, of the Owner. The Owner hereby grants the Manager the authority to:

- (a) hire and retain, as employees of Owner, an adequate staff of nurses (including technicians, nurse aides, office and other employees) and, as agent of Owner, to perform the functions set forth in Section 1.7 of this Agreement;
- (b) Hire and retain as an employee of Manager, but at the expense of Owner, an Executive Director in accordance with Section 1.8 of this Agreement;



- (c) issue appropriate bills for services and materials furnished by the Owner and take such actions as may be reasonably necessary to collect accounts receivable and monies owed to the Owner; design and maintain accounting, billing, patient and collection records; and prepare and file insurance and any and all other necessary or desirable reports and claims related to Facilities revenue production. Manager shall have the right to enforce Owner's rights as creditor under any contract or in connection with rendering any services for purposes of collecting, on behalf of Owner, accounts receivable and monies owed the Owner;
- (d) order, supervise and conduct a program of regular maintenance and repair of the Facility;
- (e) purchase reasonable amounts of food, beverage, medical, cleaning and other supplies, equipment, furniture and furnishings for use at the Facilities;
- (f) administer, supervise and schedule all patient and other services of the Facility, including the operation of food, barber, beautician and other ancillary services;
- (g) deposit rent checks on behalf of Owner into the Operating Account (as defined herein);
- (h) work with Owner's accounting firm and furnish requested documents and information to such accounting firm, it being expressly understood that all accounting firm fees incurred will be at Owner's expense;
- (i) institute standards and procedures for admitting patients to the Facilities, for charging patients for services, and for collecting the charges from patients or third parties;
- (j) negotiate and enter into in the name of and on behalf of Owner such agreements, contracts and orders as it may deem necessary or advisable, for the furnishing of services, concessions and supplies for the operation and maintenance of the Facilities; provided that Manager shall obtain Owner's prior written approval before entering into any agreement, contract or order which may continue beyond the applicable term currently then-in effect, be it the Primary Term or any Renewal Term;
- (k) negotiate on behalf of Owner (and in conjunction with Owner's counsel) with any labor union lawfully entitled to represent employees of Owner or Manager who work at the Facilities;
- (l) operate the Facilities in such a fashion necessary to maintain patient care comparable to that offered by reasonable and prudent managers of senior living facilities of similar size, nature and character as the Facilities and maintain all licenses and permits required for the operation of the Facilities, its contracts with third-party payors and other similar governmental and non-governmental agencies and intermediaries, including but not limited to a license to operate a specialty care assisted living facility issued by the ADPH;
- (m) process all third-party payment claims for the services at the Facility, including without limitation, the contest of all applicable administrative proceedings or procedures, adjustments and denials by governmental agencies or their fiscal intermediaries as third-party payors; and
- (n) Manager shall direct the creation and review of a plan of correction to be presented by the Facilities to ADPH (the "Plan of Correction) as due, and Manager shall direct the implementation and evaluation of the accepted Plan of Correction.

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Section 1.03 Limitation of Authority of Manager. Notwithstanding the provisions of Section 1.2 above, the authority of Manager shall be limited as follows so that the Manager, without the prior approval of the Owner, may not:

- (a) borrow money other than purchase money obligations incurred directly in the ordinary course of business of the Facilities for the purchase of goods, services, inventory and supplies used and needed in the Facilities' operations;
- (b) mortgage or subject to any other security device pledge all or any portion of any Owner property, obtain replacements of any mortgage or other security device, and prepay, in whole or in part, refinance, increase, modify, and consolidate such indebtedness;
- (c) provide a guaranty by the Owner of any obligations of any other party;
- (d) initiate or settle any litigation on behalf of the Owner;
- (e) enter into a transaction with Manager, or any affiliate of Manager, without the consent of the Owner; or
- (f) expend, or incur any obligation to make an expenditure, in either case, in an amount in excess of \$3,000, to the extent that such expenditure is not approved by Owner under the Operating Budget or otherwise, unless a life safety code, building code, ADPH regulation or other emergency reasonably requires immediate action.

Section 1.04 Duties of Manager at Manager's Expense. In addition to the duties set forth in Section 1.2 above, the Manager shall perform the duties described in (a) through (d) below at the cost and expense of Manager:

- (a) The Manager shall make regular evaluations of the performance of all departments of the Facilities sufficient to ensure that the Facilities are providing patient care of the same standards and degree of care used by reasonable and prudent managers of senior living facilities of similar size, nature and character as the Facilities and is in compliance with all federal, state and local statutes, regulations and ordinances applicable to the Facilities and when necessary, implement such procedures as are necessary to keep and/or bring the Facilities into such compliance.
- (b) The Manager shall cause its representative to visit the Facilities as often as Manager deems necessary to ensure that the Facilities is maintaining the quality of patient care at the same standards and degree of care used by reasonable and prudent managers of senior living facilities of similar size, nature and character as the Facilities and is in compliance with federal, state, and local statutes, regulations and ordinances applicable to the Facilities.
- (c) The Manager shall deliver all relevant bills, invoices and obligations related to the Facilities and received by Manager on Owner's behalf to Owner in a timely manner, it being understood that Owner shall pay all such bills, invoices and obligations related to the Facilities directly to the appropriate party.
- (d) Within one hundred twenty (120) days of the Appointment Date, Manager shall develop an operating budget for the Facilities (the "Operating Budget"). Manager shall endeavor to operate within this Operating Budget and shall notify Owner if deviations from the Operating Budget are necessary or recommended.

Section 1.05 Duties of Owner. Although this Agreement requires Manager to perform certain duties for the benefit of the Owner, including the day to day operation, supervision and staffing of the Facilities, the parties acknowledge that the Owner retains ultimate responsibility as the owner and operator of the Facilities to (i) provide for the employment of employees in sufficient number and with necessary qualifications to operate the Facilities, (ii) participate in the supervision of its employees, (iii) maintain all necessary licenses and permits required for operation of the Facilities (provided that Manager shall be licensed and shall be responsible for maintaining its licensure status with ADPH as Manager of the Facilities until expiration or termination of this Agreement), (iv) maintain all contracts with third party payors and other similar governmental intermediaries as applicable, (v) pay any and all federal, state or local taxes, assessments or other governmental charges imposed on the Facilities or Owner, (vi) arrange for the preparation of monthly unaudited financial statements of the Facilities by a qualified accounting firm of Owner's choosing, (vii) arrange and ensure the preparation of monthly compiled financial statements of the Facilities by an independent certified public accounting firm, (viii) arrange and pay for all state and federal income tax returns and any state franchise taxes with respect to Owner or the Facilities, (ix) prepare or cause to be prepared and filed all state and federal employer/employee tax withholding returns, and (x) establish and periodically review and change, as necessary, the policies, directives, budgets and goals of the Facilities. Owner shall retain the services of legal counsel, at Owner's cost, to perform all legal services relating to the Facilities. Manager shall not perform or have the responsibility for the performance of legal services. The Owner retains the right to review and evaluate the performance of the Manager in carrying out the Owner's policies and directives and in attaining the budgets and the goals established by the Owner.

Section 1.06 Operating Accounts.

- (a) All monies received by Manager in the operation of the Facilities shall be deposited in a bank account or accounts that shall include the name of the Facilities or the Owner in the name of the account(s) (the "Operating Account"). The funds deposited in the Operating Account shall be the property of the Owner. Such monies shall not be commingled with other funds of Manager except to the extent such monies are to be paid to or for the benefit of Manager as compensation hereunder. Owner hereby represents that the funds received by the Owner from the Facilities and deposited in the Operating Account shall not consist of any Medicare/Medicaid receivables. In the event the Facilities generates Medicare/Medicaid receivables, nothing herein shall be deemed a prohibited assignment of such receivables to Manager, and the parties hereby agree to amend this Agreement as needed to comply with applicable laws.
- (b) Manager shall not be obligated to advance any of the Manager's own funds for the account of the Owner, nor to incur any liability unless Owner shall have furnished Manager with funds necessary for the discharge thereof. In the event that funds in the Operating Account are not sufficient to pay the operating expenses of the Facilities and any other obligations of the Owner hereunder (other than the Management Fee), the Owner shall deposit sufficient funds in the Operating Account on or before the due date thereof. If Owner shall fail to timely make such deposit, Manager may advance such funds on behalf of Owner and such advance shall be repayable with interest at the prime rate as established by the Wall Street Journal.

Section 1.07 Personnel. All employees working at the Facility (with the exception of the Executive Director(Northridge Assisted Living Only)) shall be employees of the Owner and not employees of the Manager. Manager shall (i) recommend personnel policies and procedures for Owner's employees, (ii) recommend appropriate employee compensation and benefit plans, (iii) recommend employee performance reviews, (iv) recommend employee scheduling requirements and job descriptions, (v) recommend employee training programs, (vi) recruit employees to be hired by Owner, (vii) assist Owner with maintenance of human resource information, (viii) arrange for appropriate on-site visits by Manager staff, and (ix) recommend to Owner termination of such employees. Owner acknowledges that all Facility

employees (other than the Executive Director(Northridge Assisted Living Only)) are Owner employees, not employees of the Manager, and that Manager has no duty under this Agreement or otherwise to include Owner's employees in any employee benefit plan of Manager.

Section 1.08 Executive Director (Northridge Assisted Living Only). The Manager shall recruit, hire and train an Executive Director who will be the chief administrative officer of the Facility (Northridge Assisted Living Only) (the "Executive Director"). The Executive Director shall be employees of the Manager. The Executive Director will be presented to the Owner prior to assignment to the Facility. If the Owner has a reasonable objection to the Executive Director, based on permissible job-related criteria, that candidate will not serve in such role. The Executive Director's compensation (including any benefits, incentives, payroll taxes and other professional costs not specifically excluded herein) shall be reimbursed to Manager in advance by the Owner on the first day of each calendar month in an amount equal to \$4,333.34 per month. Additionally, Owner shall reimburse Manager for lodging/hotel expenses for the Executive Director for up to six (6) nights per month. Any additional lodging/hotel expenses incurred for the Executive Director shall be at Manager's expense. Manager retains the right to transfer the Executive Director from the Facility, or terminate the employment of the individual serving as the Executive Director, so long as the agreed service functions under this Agreement remain fulfilled. With Owner's prior written approval, Manager may hire an Executive Director, whose compensation exceeds the reimbursement amount provided for in this Section, in which case the monthly reimbursement amount due to Manager shall increase by an amount sufficient to cover the total compensation of the Executive Director, as applicable.

Section 1.09 Licenses.

- (a) Manager shall manage the Facilities in a manner necessary to maintain all necessary licenses, permits, consents, and approvals in the name of and on behalf of the Owner from all governmental agencies which have jurisdiction over the operation of the Facilities. Manager, immediately upon receipt, will provide Owner with a copy of all inspection reports which pertain to the Facilities. If deficiencies are noted, Manager shall endeavor to submit a plan of correction to Owner in sufficient time for Owner to review so that timely submission may be made to ADPH.
- (b) Neither Owner nor Manager shall take any action or fail to take any action which may (i) cause any governmental authority having jurisdiction over the operation of the Facilities to institute any proceeding for the rescission or revocation of any necessary license, permit, consent or approval, or (ii) adversely affect Owner's right to accept and obtain payments under any other public or private third-party medical payment program.

Section 1.10 Use and Disclosure of Protected Health Information. The Manager acknowledges that in the performance of its duties hereunder, it will have access to the Owner's protected health information. During the term of this Agreement, ~~the Manager agrees to abide by the terms of the Business Associate Agreement attached hereto as Exhibit A.~~ ^{NY 44}

Section 1.11 Performance of Services by Manager. In the performance of its services hereunder, Manager shall exercise the same standards and degree of care used by reasonable and prudent managers of senior living facilities of similar size, nature and character as the Facilities. Notwithstanding anything herein to the contrary, Manager shall not be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control including, without limitation, strikes, walkouts or other employee disturbances, or acts of God.

Section 1.12 Inspection. Owner shall have the right at any time to inspect the Facility and shall be given access during business hours to relevant documents pertaining to the Facilities' operation, including, but

not limited to, journals and ledgers; checks, deposit slips and other bank records; inventory and equipment records; and contracts entered into by Manager for the provision of goods and services to the Facilities.

Section 1.13 Consultation Prior to Major Changes. Owner may initiate certain changes in the scope or management of the Facilities. Such changes could include, but are not limited to, material matters such as expansion, assignment or transfer of the Facilities, filing for bankruptcy or receivership or announcement of a new facility. Before implementing a material change, Manager shall be consulted in order to inform Owner of the effect of such changes on the operation of the Facilities.

ARTICLE II.

TERM AND TERMINATION

Section 2.01 Term. This Agreement shall continue in effect from December 1, 2016 until November 30, 2017 ("Primary Term"), unless sooner terminated as provided herein. This Agreement shall automatically renew for an additional one (1) year term (the "Renewal Term") at the end of the Primary Term or any Renewal Term, unless either party shall give the other party notice of non-renewal not less than sixty (60) days before the end of the Primary Term or any Renewal Term. "Term," as used herein, shall include the Primary Term and any applicable Renewal Terms.

Section 2.02 Termination For Cause. Either party shall have the option to terminate this Agreement, without damage or penalty, only upon the following terms and conditions:

- (a) If either party shall apply for or consent to the appointment of a receiver, trustee or liquidator of it or all or a substantial part of its assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors, or to take advantage of any insolvency law, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating said party as bankrupt or insolvent or approving a petition seeking reorganization of said party or of all or a substantial part of its assets, then in case of any such event, the term of this Agreement shall expire, at the other party's option, on thirty (30) days written notice.
- (b) If Owner or Manager shall fail to cure within thirty (30) days any failure to keep, observe or perform any covenant, agreement, term or provision of this Agreement after written notice thereof by one to the other, the term of this Agreement shall terminate, at the option of the non-defaulting party on ten (10) days written notice to the other party.
- (c) Anything contained herein notwithstanding, Owner shall have the immediate right to terminate this Agreement in the event that (i) the Facilities loses its certification from or is put on notice that proceedings have begun to close the Facilities or revoke the Facilities' license to operate as a specialty care assisted living facility or assisted living facility or (ii) the Manager or any member of the Manager (A) violates, or is charged with violation of, any law or regulation regarding federal or state healthcare programs, including placement on the Officer of Inspector General ("OIG") exclusion list or (B) embezzles money or property of the Owner, or (C) is convicted of a felony or crime involving moral turpitude.
- (d) If the Facilities or any material portion thereof is damaged or destroyed to the extent that Owner, in its sole discretion, deems that it is not practicable or desirable to rebuild, repair or restore the Facilities to the condition immediately preceding such damage, then either party may terminate this Agreement upon ten (10) days written notice to the other party. If Owner rebuilds, restores or otherwise rearranges the Facilities and recommences operations thereof, Owner shall give Manager the first option to manage the Facilities at the same terms and conditions described in this Agreement.

Section 2.03 Termination Without Cause. Either Owner or Manager may terminate this Agreement at any time without cause by giving written notice to the other party at least six (6) months prior to the effective date of such termination of this Agreement (the "Minimum Advance Termination Notice"). Notwithstanding the foregoing, if Manager has not exercised its Purchase Option (as defined in Section 4 hereof) as of November 30, 2017, Owner shall have a Minimum Advance Termination Notice of sixty (60) days for the remainder of the Primary Term. Should Manager not exercise its Purchase Option (as defined in Section 4 hereof) as of November 30, 2017, and should Owner provide the Minimum Advance Termination Notice, Manager's right to exercise its Purchase Option (as defined in Section 4 hereof) shall be extinguished. For any Renewal Term, Owner's Minimum Advance Termination Notice shall be six (6) months. Manager will continue to perform the services contemplated by this Agreement during the time period between (i) the date of delivery of the written notice of termination and (ii) the effective date of such termination set forth in the notice (the "Termination Notice Period") and the Owner will continue to pay any Management Fees owed to Manager in accordance with Article 3 of this Agreement during the Termination Notice Period; provided however, the Owner may elect to prepay all Management Fees due to the Manager during the Termination Notice Period and immediately terminate this Agreement. The parties mutually acknowledge that the Severance Compensation set forth below in Section 2.4(b) of this Agreement is to be paid to Manager upon a termination of this Agreement by the Owner without cause (i) both because of the disproportionate front-end costs incurred by Manager in assuming its duties under this Agreement and because it would be impossible to ascertain or estimate the amount of loss of damage incurred by Manager should Owner terminate this Agreement without cause and (ii) as liquidated damages and in full settlement and release of any and all claims Manager may have with respect to this Agreement.

Section 2.04 Liability Upon Termination.

- (a) Upon any termination of this Agreement for any reason, Manager shall be paid as a condition to such termination (i) the Management Fee accrued through the date of termination, and (ii) all costs and expenses otherwise reimbursable to Manager under this Agreement through the date of termination. The amount of the Management Fee accrued through date of termination shall be the amount of the Management Fee, accrued but unpaid through date of termination in accordance with Article 3 of this Agreement.
- (b) If Owner terminates this Agreement without cause, Owner shall pay, in addition to the amounts set forth in Section 2.3 and Section 2.4(a), severance compensation to Manager equal to 1.5 (one and one-half) times the Management Fee in a single lump sum payment within ten (10) days following termination (the "Severance Compensation").
- (c) Termination for any reason shall be without prejudice to any rights which either party may have at law or in equity, except that Manager shall provide a release upon the acceptance of Severance Compensation as set forth in the last sentence of Section 2.3.

Section 2.05 Records and Turn Over. Upon any expiration or termination of this Agreement, Manager shall turn over to the Owner any and all Owner property, information, records and documents related to the Facilities in the possession of the Manager and shall cooperate with the Owner to effectuate such turnover of the Facilities without undue disruption or loss to the Owner. The Owner shall turn over to the Manager any and all Manager property, information, records and documents in the possession of the Owner and shall cooperate with the Manager to effectuate such turnover of the Facilities without undue burden to the Manager.

Section 2.06 Litigation Support. During the term of this Agreement and after expiration or termination of this Agreement, the parties will cooperate in good faith in the defense or prosecution of any claims relating to the Facilities naming Owner, the Facilities, the Manager or the Manager's employees or affiliates as parties.

ARTICLE III.
MANAGEMENT FEES

Section 3.01 **Management Fee.** Each month during the term of this Agreement, Manager shall receive a fee ("Management Fee") equal to \$11,000.00 (\$6,000.00 from Northridge Assisted Living and \$5,000.00 from Maplewood Lane Assisted Living), payable in advance, monthly on the first day of each calendar month. Owner and Manager agree that the Management Fee shall be due and payable in full for December 2016 and every month thereafter for the remainder of the Term. If Owner shall fail to pay all or any portion of the Management Fee within ten (10) days from the due date therefor, the unpaid amount shall bear interest at the prime rate as established by the Wall Street Journal. So long as all or any portion of any Management Fees remains unpaid, all payments with respect to the Management Fee shall be applied in the following order: first, to the Management Fee currently due and payable; second, to accrued and unpaid interest; and third, to the longest outstanding unpaid Management Fees.

ARTICLE IV.
MANAGER'S PURCHASE OPTION; RIGHT OF FIRST REFUSAL

Section 4.01 **Purchase Option.** Manager shall have the option and right to purchase the Facilities from Owner on the terms and conditions provided herein (the "Purchase Option"). The Purchase Option shall be exercisable as of June 1, 2017 or, with notice thereafter, up to November 30, 2017 (the date of exercise of the Purchase Option being referred to herein as the "Purchase Option Exercise Date"). Should Manager elect to close by June 1, 2017, Manager shall provide notice to Owner of such election on or before May 1, 2017. Without limiting Manager's rights hereunder, in the event that Manager elects to waive or not exercise its Purchase Option, nothing herein shall restrict Manager and Owner from engaging in additional negotiations with respect to a sale of the Facilities from Owner to Manager on terms and conditions as may be agreed to between the parties.

Section 4.02 **Purchase Price.** If Manager exercises its Purchase Option, the Purchase Price for the Facility shall be One Million Twenty-Five Thousand and No/100 Dollars (\$1,025,000).

Section 4.03 **Condition Precedent.** It shall be a condition precedent to Manager's right to exercise the Purchase Option that (i) this Agreement shall, at the time of delivery of Manager's exercise notice, be in full force and effect, and (ii) there shall not then exist any default by Manager under this Agreement as of the date of delivery of Manager's exercise notice.

Section 4.04 **Exercise.** Manager shall exercise its Purchase Option by giving written notice thereof ("Purchase Option Notice") to Owner, on or prior to the Purchase Option Exercise Date. Manager's failure to provide such Purchase Option Notice within the aforementioned time period shall be deemed Manager's waiver of its right to exercise the Purchase Option.

Section 4.05 **Closing of Option.** Following the valid exercise by Manager of the Purchase Option, the "Purchase Closing" (herein so called) shall occur on a date mutually agreed to by the parties not to exceed sixty (60) days after the Purchase Option Exercise Date. Upon the Purchase Closing, (a) the Purchase Price for the Facilities shall be paid to Owner; (b) the Facilities shall be conveyed to Manager by grant deed, bill of sale, general assignment and other transfer instruments, all in form reasonably acceptable to both Owner and Manager and typical for transactions of this nature; (c) the Facilities shall be free and clear of all liens, claims, charges, encumbrances or rights of consent of any nature except those liens, claims, charges, encumbrances and rights of consent specifically approved by Manager; (d) the Facilities shall be conveyed by warranty deed; and (e) Owner and Manager shall each pay one-half of the recording fees, taxes, title premiums and other closing costs associated with the Purchase Closing. Manager shall not assume any liabilities of Owner, other than as specifically agreed upon. Owner shall indemnify and hold Manager harmless from and against any and all liabilities associated with operating the Facilities prior to Closing.



4.6 Right of First Refusal. Owner acknowledges and agrees that it shall not sell the Facilities or engage in any negotiations or discussions regarding a sale of the Facilities with any third party prior to June 1, 2017. In the event that Manager does not exercise its Purchase Option on June 1, 2017, Owner may pursue a sale of the Facilities after that time; provided, however, that if Owner desires to offer the Facilities for sale to a third party and Owner receives and desires to accept a bona fide offer to purchase the Facilities (an "Offer") after June 1, 2017 and before November 30, 2017 (the "ROFR Timeframe"), Owner shall provide Manager with notice of the Offer ("Notice of Offer"). The Notice of Offer shall contain a copy of the Offer and all other terms and conditions applicable to the Offer. Manager shall have the right to purchase (the "Right of First Refusal") the Facilities on substantially the same terms and conditions as those set forth in the Offer. Manager shall exercise its Right of First Refusal, if at all, by giving written notice of exercise to Owner no later than thirty (30) days after Manager's receipt of the Notice of Offer. If Manager does not exercise the Right of First Refusal with regard to an Offer to which it has been given notice in accordance with this Section, Owner shall be free to transfer the Facilities to a third party free from the restrictions of this Agreement so long as there are no material changes in terms of the Offer, and Manager's Right of First Refusal shall terminate with respect to the Facilities. Notwithstanding the foregoing, if at any time during the ROFR Timeframe Manager ceases to serve as Manager of the Facilities, this Right of First Refusal shall terminate.

ARTICLE V.

INSURANCE AND INDEMNITY

Section 5.01 Insurance to be Maintained by Owner. The Owner will, at the Owner's expense and in the Owner's name, continuously maintain in effect insurance with respect to the Facilities against such risks as are customarily insured against with respect to businesses of like size and type as the Facilities, including but not necessarily limited to:

- (a) insurance against loss or damage to the Facilities including all improvements, equipment, furniture, and other personal property relating to the Facilities, by fire, lightning, windstorm, vandalism and malicious mischief to the extent as is necessary to provide for full payment of the costs of repairing, restoring or replacing property damaged or destroyed or if insurance to such extent is not available, to the extent of the full insurable value of such property (as determined by a recognized insurer);
- (b) comprehensive general liability insurance (including contractual liability coverage) insuring the Owner and Manager against liability for personal or bodily injury to or death of persons and for damage to or loss of property occurring or about the Facilities or in any way related to the use, occupancy, or operation of the Facilities;
- (c) professional liability and malpractice insurance (including contractual liability coverage) protecting the Owner and Manager against claims arising from professional services rendered or performed by Owner at the Facilities;
- (d) workmen's compensation insurance covering the employees of Owner at the Facilities sufficient to provide the benefits required by applicable law;
- (e) business income insurance insuring Owner from loss of income from operations of the Facilities in such amounts as may be required by Owner's secured creditors; and
- (f) crime insurance with respect to Manager's and Owner's employees who handle funds of Owner.

Section 5.02 Indemnification by Manager. Manager shall indemnify and hold Owner (including its officers, directors and employees) harmless from and against any loss, damages or other liability by reason

of any claim or legal proceeding by a third party relating to or arising out of any grossly negligent act or omission or willful misconduct of Manager in the performance of its obligations hereunder. This indemnification shall include the payment of reasonable attorney's fees and other expenses incurred in settling or defending any claim, threatened action or finally adjudicated proceeding. This indemnification obligation shall survive the expiration or termination of this Agreement and is subject to Section 5.4 and Section 5.5 of this Agreement.

Section 5.03 Indemnification by Owner. Owner shall indemnify and hold Manager (including its officers, directors and employees) harmless from and against any and all losses, damages or other liability by reason of any claim or legal proceeding by a third party relating to the Facilities not occasioned by any grossly negligent act or omission or willful misconduct of Manager. This indemnification shall include the payment of reasonable attorney fees and other expenses incurred in settling or defending any claim, threatened action, or finally adjudicated proceedings. This indemnification obligation shall survive the expiration or termination of this Agreement and is subject to Section 5.4 and Section 5.5 of this Agreement.

Section 5.04 Insurance Subrogation. No indemnity shall be paid to the other party under this Agreement where the claim, damage, liability, loss or expense incurred would have been covered by insurance proceeds if the incident was or was required to be insured against by such other party for whose benefit such indemnity would run and such party failed to obtain or maintain such insurance. Owner and Manager shall exercise their commercially reasonable efforts to cause any insurance policies obtained by the parties pursuant to this Agreement to have the effect of waiving any right of subrogation by the insurer of one party against the other party or its insurer. Each party hereby releases the other from any claims to the extent covered by collected insurance proceeds obtained by the parties pursuant to this Agreement.

Section 5.05 Limitations of Liability. There shall be no award of punitive or exemplary damages.

ARTICLE VI. MISCELLANEOUS

Section 6.01 Damage or Destruction. Without limiting Owner's explicit authority to make decisions regarding damage to or destruction of the Facilities, if the Facilities or any portion thereof shall be damaged or destroyed by fire or other casualty, or taken by eminent domain proceedings and this Agreement is not terminated pursuant to Section 2.2(d) hereof, Manager on behalf of and at the expense of Owner shall commence to repair, restore, rebuild or replace any such damage or destruction within sixty (60) days after such fire or casualty and shall use its good faith efforts to complete such work within a reasonable period of time.

Section 6.02 Employees. For a period of six (6) months after the termination of this Agreement, neither Manager nor Owner, without the consent of the other party, shall hire any person in the employ of the other party, or any person who was in the employ of the other party within six (6) months prior to the date of termination. This Section 6.2 shall survive expiration or termination of this Agreement.

Section 6.03 Binding Agreement. The terms, covenants, conditions, provision and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

Section 6.04 Relationship of Parties. Nothing contained in this Agreement shall constitute or be construed to be or to create a partnership, joint venture or lease between Owner and Manager with respect to the Facilities. Manager understands that this Agreement does not grant Manager any leasehold, property, or other ownership right or interest of any kind or nature whatsoever in the Facilities or its assets.

Section 6.05 Public Notices. Both parties agree that (i) Manager may represent to the public that the Facilities is being managed by the Manager, and (ii) Manager will be identified in the Facilities relations and occupancy development program materials as the manager of the Facilities.

Section 6.06 Confidentiality. No provision of this Agreement shall disclosed by Owner or Manager to any person, firm or corporation without the prior written approval of the other party, except that either party may disclose any provision of this Agreement without the consent of the other party to the extent necessary to comply with any statute, governmental rule or regulation, subpoena or court order to which such party may be subject. This Section 6.6 shall survive expiration or termination of this Agreement.

Section 6.07 Notices. All notices, demands and requests contemplated hereunder by either party to the other shall be in writing, and shall be delivered by hand, transmitted by email, or mailed, postage prepaid, registered or certified mail, return receipt requested:

- (a) to Owner, by addressing the same to:
Northridge SCALF, LLC
801 Morris Avenue
Opelika, Alabama 36801
or
Maple Lane Assisted Living, LLC
223 Tucker Road
Helena, Alabama 35080
Attn: ~~SHASHI SHARMA~~

- (b) to Manager, by addressing the same to:
TEC Freedom Management, LLC
6171 Tucker Mountain Road
Remlap, AL 35133
Attn: Manager
tecrn@bellsouth.net

or to such other address or to such other person as may be designated by notice given from time to time during the term by one party to the other. Any notice hereunder shall be deemed given three (3) days after mailing, if given by mailing in the manner provided above, or on the date delivered or transmitted if given by hand or email.

Section 6.08 Entire Agreement; Amendment. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and no prior oral or written, and no contemporaneous oral representations or agreements between the parties with respect to the subject matter of this Agreement shall be of any force and effect. Any additions, amendments or modifications to this Agreement shall be of no force and effect unless in writing and signed by both Owner and Manager.

Section 6.09 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Alabama.

Section 6.10 Waiver of Trial by Jury. The parties to this Agreement desire to avoid the additional time and expense related to a jury trial of any disputes arising hereunder. Therefore, it is mutually agreed by and between the parties hereto, and for their successors, heirs and permitted assigns, that they shall and hereby do waive trial by jury of any claim, counterclaim, or third party claim, including any and all claims of injury or damages, brought by any party against the other arising out of or in any way connected with this Agreement and/or the relationship which arises hereunder. The parties acknowledge and agree that this

waiver is knowingly, freely, and voluntarily given, is desired by all parties, and is in the best interest of all parties.

Section 6.11 Arbitration. Any dispute between the parties which cannot be resolved through good faith negotiations, whether arising out of, or in connection with, this Agreement or otherwise, shall be resolved in an arbitration under the Federal Arbitration Act and before the American Arbitration Association (“AAA”) in accordance with AAA’s then-existing Commercial Arbitration Rules. The parties shall share equally the administrative cost of the arbitration and the arbitrator’s fee. In such arbitration, the arbitrator shall have no authority or power to amend, modify or in any other way change any of the terms of this Agreement. All decisions of such arbitrator shall be final and binding upon both parties. The prevailing party in such arbitration shall be awarded an amount equal to its reasonable attorney’s fees incurred in connection with such arbitration, in addition to what other relief may be awarded. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Section 6.12 Assignment of Agreement. This Agreement may be assigned only with written consent by the other party.

Section 6.13 Captions and Headings. The captions and headings throughout this Agreement are for convenience and reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provisions of or the scope or intent of this Agreement nor in any way affect this Agreement.

Section 6.14 Authorization of Agreement. Manager and Owner represent and warrant, each to the other, with respect to itself, that the execution and delivery of this Agreement has been duly authorized by all respective and necessary parties to this action, and will not currently nor with the passage of time, violate or conflict with (i) the provisions of the Certificate of Formation or the Limited Liability Company Agreement, of Manager or Owner, (ii) any other instrument to which either party is bound or by which any of their property or assets is subject, or (iii) any existing law, regulations, court order or consent decree to which either party is bound or any of their property or assets are subject.

Section 6.15 Reservation of Property Rights. In the course of providing services to the Owner under this Agreement, the Manager and its affiliates will provide the Owner with and may develop certain valuable proprietary materials and information (“Manager Intellectual Property”). The Manager will also be exposed to confidential Facility information, including, but not limited to, protected health information and records for the Facility’s residents (“Facility Property”). For the protection of their respective rights, Manager and Owner agree as follows:

- (a) The Manager Intellectual Property includes but is not limited to Manager software used, licensed and/or developed by Manager that may reside on computers at the Facility or at Manager’s offices, Manager’s reference library of manuals, policies and procedures provided by Manager to Owner, and all other information, materials, processes, methodologies, trade secrets or other intellectual property of Manager and its affiliates which existed prior to this Agreement, or which may be created, discovered, developed, or derived by Manager or its affiliates during the term of this Agreement. Ownership of the Manager Intellectual Property shall reside solely in Manager or its affiliates, and except for the limited license to use such information and materials under the terms and conditions of this Agreement, Owner shall have no rights in, shall make no claim of rights in, or take any position adverse to the interests of Manager and its affiliates in Manager Intellectual Property. No Manager Intellectual Property shall be deemed or treated as a “work for hire” or “work made for hire” or any other similar concept. Facility Property and trade secrets, methodologies, processes and materials of the Facility specifically developed by the Facility shall remain the property of Owner, and the use thereof by Manager shall be limited to use in support of

Section 6.17 Compliance with Laws and Regulations. The Manager and the Owner represent that they are in material compliance with applicable federal, state and local laws, rules and regulations, with the exception that Manager shall submit to ADPH the Plan of Correction for the current outstanding deficiencies identified at the Facility and shall work with ADPH to have this Plan of Correction approved and shall implement same. Notwithstanding anything to the contrary in this Agreement, in the event any party to this Agreement, in consultation with counsel, develops a good faith concern that continuance of this Agreement or any activity of the other party is in violation of applicable federal, state or local law or any regulation, order or policy issued under any such law, such party shall immediately notify the other party in writing of such concern and the specific activities giving rise to such concern and the reasons therefore. If an agreement on a method for resolving such concern is not reached within ten (10) days of such written notice, the activities described in the notice will cease or be appropriately altered until the concern is resolved. If the parties cannot agree on a method or resolving the concern within thirty (30) days, this Agreement shall immediately terminate.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement through their duly authorized representatives, as of the day and year first above written.

OWNER:

**Northridge SCALF, LLC
Maple Lane Assisted Living, LLC**

By: Shashi Sharma

Printed Name: SHASHI SHARMA

Title: OWNER

Date: 11-10-16

MANAGER:

TEC Freedom Management, LLC

By: TE Cummings
TE Cummings, its Manager

John H. Merrill
Secretary of State

P.O. Box 5616
Montgomery, AL 36103-5616

STATE OF ALABAMA

I, **John H. Merrill, Secretary of State of Alabama, having custody of the Great and Principal Seal of said State, do hereby certify that**

pursuant to the provisions of Title 10A, Chapter 1, Article 5, Code of Alabama 1975, and upon an examination of the entity records on file in this office, the following entity name is reserved as available:

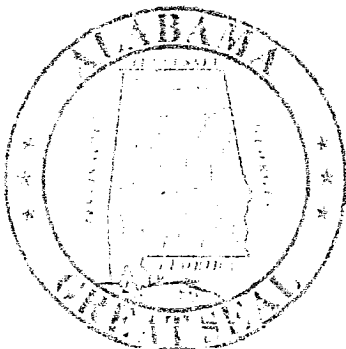
TEC Freedom Management, LLC

This name reservation is for the exclusive use of TE Cummings, 6171 TUCKER MOUNTAIN RD, REMLAP, AL 35133-5405 for a period of one year beginning October 24, 2016 and expiring October 24, 2017

CERTIFIED	
A TRUE COPY OF ORIGINAL	
CHRIS GREEN	
JUDGE OF PROBATE	
BLOUNT COUNTY, ALABAMA	
BY <u>Chris Green</u>	
DATE <u>11-4</u>	<u>2016</u>

B
 State of Alabama, Blount County
 I certify this instrument was filed
 and taxes collected on:
 2016 November - 4 8:09AM
 Book GEN 2016 Page 29872
 Instrument Number 386979 Pages 3
 Index Fee 3.00 D.P. Fee 2.00
 LLC FEENL 50.00
 Total Fees ----- 55.00
 Chris Green, Judge of Probate

In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of the State, at the Capitol, in the city of Montgomery, on this day.



RES739141

October 24, 2016

Date

J. H. Merrill

John H. Merrill

Secretary of State

STATE OF ALABAMA

DOMESTIC LIMITED LIABILITY COMPANY (LLC)
CERTIFICATE OF FORMATION

E
Instrument 386979 Page 2 of 3

PURPOSE: In order to form a limited liability company (LLC) under Section 10A-5A-2.01 of the Code of Alabama 1975 this Certificate Of Formation and the appropriate filing fees must be filed with the Office of the Judge of Probate in the county where the entity's initial registered office is located. **The information required in this form is required by Title 10A.**

INSTRUCTIONS: Mail one (1) signed original and two (2) copies of this completed form and the appropriate filing fees to the Office of the Judge of Probate in the county where the limited liability company's (LLC) registered office is/will be located. Contact the Judge of Probate's Office to determine the county filing fees. **Make a separate check or money order payable to the Secretary of State for the state filing fee of \$100.00 for standard filing (based on date of receipt and volume) or \$200.00 for expedited service (processed within approximately 3 business days after date of receipt from the County Probate Office) and the Judge of Probate's Office will transmit the fee along with a certified copy of the Certificate to the Office of the Secretary of State within 10 days after the Certificate is filed. Once the Secretary of State's Office has indexed the filing the information will appear at www.sos.alabama.gov under the Government Records tab and the Business Entity Records link – you may search by entity name. Your notification of filing was provided by the Probate Judge's Office via a stamped copy which is evidence of existence (if it is certified by the Probate Office) according to 10A-1-4.04(c) and the Secretary of State's Office does not send out a copy. You may pay the Secretary of State fees by credit card if the county you are filing in will accept that method of payment. Your entity will not be indexed if the credit card does not authorize and will be removed from the index if the check is dishonored.**

(For County Probate Office Use Only)

The information completing this form must be typed (for your convenience the information is fill-able on this computer form on the website above).

1. The name of the limited liability company (must contain the words "Limited Liability Company" or the abbreviation "L.L.C." or "LLC," and comply with Code of Alabama, Title 10A-1-5.06. You may use Professional or Series before Limited Liability Company if they apply or you may use those abbreviations):
TEC Freedom Management,LLC
2. A copy of the Name Reservation certificate from the Office of the Secretary of State must be attached and the name reserved must agree with item 1 above [proves name reservation under 10A-1-4.02(f)].

This form was prepared by: (type name and full address)

Thomas E. Cummings
6171 Tucker Mountain Road
Remlap, Alabama 35133

(For SOS Office Use Only)

DOMESTIC LIMITED LIABILITY COMPANY (LLC) CERTIFICATE OF FORMATION

3. The name of the Registered Agent located at the Registered Office (only one agent):

THOMAS E. CUMMINGS

Street (No PO Boxes) address of Registered Office (must be located in Alabama):

6171 TUCKER MTN. RD. REMLAP, AL. 35133

Mailing address in Alabama of Registered Office (if different from street address):

4. The undersigned certify that there is at least one member of the limited liability company.

5. Check only if the type applies to the Limited Liability Company being formed:

[] Series LLC complying with Title 10A, Chapter 5A, Article 11

[] Professional LLC complying with Title 10A, Chapter 5A, Article 8

6. The filing of the limited liability company is effective immediately on the date filed by the Judge of Probate or at the delayed filing date (cannot be prior to the filing date) specified in this filing. 10A-1-4.12

The undersigned specify 11 / 04 / 2016 as the effective date (must be on or after the date filed in the office of the county Judge of Probate, but no later than the 90th day after the date this instrument was signed) and the time of filing to be : AM PM (cannot be noon or midnight - 12:00)

[x] Attached are any other matters the members determine to include herein (if this item is checked there must be attachments with the filing).

11 / 04 / 2016
Date (MM/DD/YYYY)

Thomas E. Cummings
Signature as required by 10A-5A-2.04

Thomas E. Cummings
Typed Name of Above Signature

President
Typed Title (Organizer or Attorney-in-fact)

Additional Organizers/Attorney-in-facts may sign (add additional sheets if necessary).

**STATE BOARD OF HEALTH
FOR THE STATE OF ALABAMA**

**ALABAMA DEPARTMENT OF
PUBLIC HEALTH,**)
)
)
v.)
)
NORTHRIDGE SCALF, LLC,)
D/B/A NORTHRIDGE SPECIALTY)
CARE ASSISTED LIVING FACILITY.)

CASE NO. ADPH 16-0214

CONSENT AGREEMENT

Now come the Parties, the Alabama Department of Public Health, (hereinafter “the Department”), and NORTHRIDGE SCALF, LLC, and in accordance with Alabama Code Section 22-21-25, settle the disputed status of the license to operate Northridge Specialty Care Assisted Living Facility (hereinafter “Northridge SCALF”) a specialty care assisted living facility located at 801 Morris Avenue, Opelika, Alabama, by hereby entering into this Consent Agreement, the terms of which are as follows:

1. Northridge SCALF agrees to take and complete the following action on or before the dates set forth below:

a. On or before November 14, 2016, Northridge SCALF shall identify an entity or individual that shall be responsible for the operation and management of the facility.

b. On or before December 1, 2016, Northridge SCALF shall relinquish the operation and management of the Facility to an entity or individual approved and licensed by the Department to operate the Facility as an assisted living facility, effective December 1, 2016, or on such earlier date as may be agreed upon with the Department. Northridge SCALF acknowledges and agrees that in order for an entity or individual to be approved and licensed by the Department, it will first be necessary for a properly completed “Change of Ownership” form

4. Nothing in this Consent Agreement shall be construed to limit or prohibit the Department from taking other enforcement action against Northridge SCALF, including an emergency administrative order of closure, should Northridge SCALF violate the terms of this Consent Agreement or further violate the Rules of the State Board of Health.

5. This Consent Agreement shall be final and binding upon the parties, their successors and assigns, upon execution by the undersigned, who represent and warrant that they are authorized to enter this Consent Agreement on behalf of the parties hereto.

6. This Consent Agreement shall be incorporated into a final Consent Order to be entered by the State Health Officer and to be subject to enforcement by the Department.

DONE and ENTERED on this the 17th day of OCTOBER, 2016.

**NORTHRIDGE SCALF, LLC
D/B/A NORTHRIDGE SPECIALTY CARE
ASSISTED LIVING FACILITY**

By: Shashi Sharma

Print Name: SHASHI SHARMA

As Its: OWNER / GOV. AUTHORITY

Date: 10-17-16

ALABAMA DEPARTMENT OF PUBLIC HEALTH

By: _____

Print Name: _____

As Its: _____

Date: _____