Summary of Key Terms of Member Substitution Agreement (“MSA”) by and between St. Francis Health Services of Morris, Inc. (“SFHS”) and Minnesota Odd Fellows Home (“Three Links”) and its subsidiaries (collectively, the “Three Links Entities”)

As of July 14, 2023

General

• Parties to the MSA include all existing corporate members of Three Links, each of which will be replaced by SFHS which will become the sole member of Three Links by virtue of this MSA and by virtue of the ancillary transaction documents (i.e. the amended and restated governing documents of Three Links).
• Prior to closing, Three Links to be replaced as the sole member of Minnesota Odd Fellows Home Foundation (“Foundation”). However, Foundation may remain as a guarantor of the outstanding debt of Three Links and the other Three Links Entities (as applicable).
• Although carved out of this transaction, Foundation included as a party to the MSA, both for purposes of post-signing and post-closing covenants but also for purposes of indemnification requirements for breaches of rep/warranties and covenants by the Three Links Entities.
• Implementation of SFHS as sole member of Three Links operates as an equity acquisition in which all assets and liabilities of Three Links and the other Three Links Entities will remain with those entities in connection with this transaction.

Purchase Price

• SFHS to assume all outstanding debt of the Three Links Entities as part of member substitution (except with respect to Foundation). For purposes of the MSA, the “Purchase Price” (as that term is used in the MSA) will reflect the total aggregate amount of all outstanding debt being assumed by SFHS.
• The Purchase Price concept becomes relevant for purposes of calculating the minimum and maximum thresholds for indemnification requirements. See below for further information regarding indemnification requirements.

Additional Agreements

• Restrictive Covenants: broad restriction against Foundation and the corporate members of Three Links, for a period of 10 years, from participating or engaging in any way in any competing business within a 100-mile radius of the facilities operated by the Three Links Entities. MSA also includes broad employee and customer non-solicit restrictions against Foundation and the corporate members.
• Covenants: MSA includes customary pre-closing covenants of the Three Links Entities regarding the conduct and operations of the business, maintaining the accuracy of the reps/warranties, continuing to cooperate on providing SFHS access to documentation and notifying SFHS of any material events that may impact the transaction. MSA includes reciprocal pre-close covenants of SFHS.
• Conditions to Closing: MSA includes reciprocal closing conditions, the non-fulfillment of which are tied to the right for either party to terminate the MSA, regarding satisfaction of the following conditions on or prior to closing (among others): (i) obtaining all consents and approvals necessary for this deal, including all required government approvals; (ii) satisfaction of all covenants; (iii) no change in circumstance between signing and closing that materially impacts either party; (iv) delivery of all closing documents; and (v) continued accuracy of all reps/warranties.
• **Exclusivity:** from the date of signing until closing or the termination of the MSA, the Three Links Entities are prohibited from engaging with third parties with respect to any transactions involving the Three Links Entities that may impact the existing corporate structure of Three Links as the sole member of the other Three Links Entities.

• **Publicity:** parties required to coordinate regarding any public announcements of any terms of the MSA, including any communications with respective employees/staff and leadership.

**Indemnification**

- Reciprocal indemnification by SFHS, on the one hand, and Foundation, on the other hand, with respect to breaches of reps/warranties and/or non-fulfillment of the covenants by SFHS and Foundation/the Three Links Entities, respectively. Indemnification requirements of Foundation extend to damages in connection with any pre-closing occurrences related to the facilities or the business generally. SFHS’ indemnification requirements extend to post-close operations of the facilities and the business generally.
- Separate reciprocal indemnification by SFHS, on the one hand, and the Three Links Entities, on the other hand, with respect to damages suffered by a non-breaching party following signing of the MSA but prior to closing which has a material adverse effect on the non-breaching party’s ability to close the transaction or perform its obligations under the MSA.
- Damages incurred by any non-breaching party as a result of breaches of “Fundamental Representations” (as described in the MSA) of a breaching party are not subject to any basket or cap with respect to indemnification requirements of breaching party.
- Indemnification requirements for non-Fundamental Representations are not triggered until damages reach 0.5% of the Purchase Price, at which time the breaching party will become liable for the full amount of damages back to the first dollar. Maximum liability of any breaching party for damages as a result of breaches of non-Fundamental Representations is limited to 25% of the Purchase Price.
- Non-Fundamental Representations survive the closing for 3 years. Fundamental Representations survive the closing indefinitely.
MEMBER SUBSTITUTION AGREEMENT

THIS MEMBER SUBSTITUTION AGREEMENT (this “Agreement”) is made and entered into as of _____________ __, 2023 (the “Execution Date”) by and among ST. FRANCIS HEALTH SERVICES OF MORRIS, INC., a Minnesota nonprofit corporation or its assign(s) (“SFHS”), MINNESOTA ODD FELLOWS HOME, a Minnesota nonprofit corporation (“Three Links”), MINNESOTA ODD FELLOWS HOUSING FOR THE ELDERLY, a Minnesota nonprofit corporation (“TLA”), PARK RIDGE HOUSING, a Minnesota nonprofit corporation (“Park Ridge”), MILLSTREAM COMMONS, LLC, a Minnesota nonprofit limited liability company (“Millstream Commons”), VILLAGES OF LONSDALE, LLC, a Minnesota nonprofit limited liability company (“Villages”), THREE LINKS MANAGEMENT SERVICES, LLC, a Minnesota nonprofit limited liability company (“Management Services”), and MINNESOTA ODD FELLOWS HOME FOUNDATION, a Minnesota nonprofit corporation (“Foundation”). SFHS, Three Links, TLA, Park Ridge, Millstream Commons, Lonsdale, Management Services and Foundation are collectively referred to herein as the “Parties”; and Three Links, TLA, Park Ridge, Millstream Commons, Lonsdale, and Management Services are each a “Three Links Entity” and are collectively referred to herein as the “Three Links Entities”.

RECITALS:

WHEREAS, collectively or individually, the Three Links Entities own and operate the following facilities: (i) that certain facility located on that certain real estate known as the “Three Links Care Center” located in Northfield, Minnesota; (ii) that certain facility located on that certain real estate known as the “Cottages East” located in Northfield, Minnesota; (iii) that certain facility located on that certain real estate known as the “Cottages West” located in Northfield, Minnesota; (iv) that certain facility located on that certain real estate known as the “Cottages on Forest” located in Northfield, Minnesota; (v) that certain facility located on that certain real estate known as the “Reflections Care Suites” located in Northfield, Minnesota; (vi) that certain facility located on that certain real estate known as the “Friendship Apartments” located in Northfield, Minnesota; (vii) that certain facility located on that certain real estate known as the “Three Links Apartments” located in Northfield, Minnesota; (viii) that certain facility located on that certain real estate known as the “Park Ridge Apartments” located in Northfield, Minnesota; (ix) that certain facility located on that certain real estate known as the “Millstream Commons” located in Northfield, Minnesota; and (x) that certain facility located on that certain real estate known as the “Villages of Lonsdale” located in Lonsdale, Minnesota; (hereinafter collectively referred to as the “Facilities”, and the Three Links Entities’ ownership and operation of those Facilities, the “Business”) consisting of the following: (1) a licensed skilled nursing care, transitional care, memory care and long-term care facility; (2) an assisted living and memory care facility; (3) an independent living facility; (4) an income-based apartment facility; (5) hospice care; and (6) a respite care facility; and

WHEREAS, as of the Execution Date, the members of Three Links consist of all individuals who are members of record of the Minnesota Chapters of the Independent Order of Odd Fellows, Odd Fellows Lodges of Minnesota and Rebekah Lodges of Minnesota (collectively, the “Members”); and
WHEREAS, as of the Execution Date, Three Links is the sole member of each of TLA, Park Ridge, Millstream Commons, Villages, Management Services [and Foundation]¹; and

WHEREAS, the Parties desire that SFHS acquire the Facilities and other assets of the Three Links Entities used in the conduct of the Business by way of a membership substitution transaction whereby SFHS is substituted for the Members and SFHS becomes the sole member of Three Links (the “Substitution”); and

WHEREAS, the Parties wish to set forth the full and complete terms of their agreement with respect to the Substitution.

NOW, THEREFORE, in consideration of the Recitals and the covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE 1
DEFINITIONS

In addition to the words and terms defined elsewhere in this Agreement, the following words and terms as used in this Agreement will have the following meanings, unless the context or use indicates another or different meaning or intent:

1.1 “Affiliate” means, with respect to a particular Entity (a) any Entity which controls, is under the Control of, or which is under common Control with, the subject Entity and (b) any trust for the primary benefit of such Entity or any of the foregoing.

1.2 “Agreement” means this Member Substitution Agreement among the Parties.

1.3 “Amended Management Services Governing Documents” has the meaning set forth in Section 2.1(f).

1.4 “Amended Millstream Commons Governing Documents” has the meaning set forth in Section 2.1(d).

1.5 “Amended Park Ridge Governing Documents” has the meaning set forth in Section 2.1(c).

1.6 “Amended Three Links Governing Documents” has the meaning set forth in Section 2.1(a).

1.7 “Amended TLA Governing Documents” has the meaning set forth in Section 2.1(b).

¹ Note to Draft: Foundation to be removed from recital if it is carved out prior to signing of this Agreement.
1.8 “Amended Villages Governing Documents” has the meaning set forth in Section 2.1(e).

1.9 “Applicable Law” means all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and any judgment, decree, order, writ or injunction of any court or regulatory authority that is applicable in the context of the usage of the term.

1.10 “Audited Financial Statements” has the meaning set forth in Section 5.5(a).

1.11 “Bankruptcy and Equity Exception” has the meaning set forth in Section 5.3(c).

1.12 “Benefit Plans” has the meaning set forth in Section 5.20(a).

1.13 “Board” means the board of directors, board of trustees, board of managers or equivalent governing body of an Entity.

1.14 “Business” has the meaning set forth in the Recitals.

1.15 “Business Day” means a day that is not a Saturday, Sunday or legal holiday on which banks are authorized or required to be closed in Minnesota.

1.16 “CERCLA” has the meaning set forth in Section 1.26.

1.17 “Change of Control” means with respect to an Entity (a) a merger or consolidation with any other Entity, (b) the sale or exchange of securities of the Entity resulting in the holders of a majority of the voting securities of the Entity immediately before such transaction holding less than a majority after such transaction, (c) the amendment of the Entity’s Governing Documents to grant a party other than the current Board or members of the Entity the right to designate, elect or remove a majority of the Entity’s Board, (d) the sale, lease, exchange or other disposition of all, or substantially all, of the assets of the Entity in a single or series of related transaction, and (e) a member substitution or joint operating arrangement pursuant to which a party other than the current Board or members of such Entity has the right to designate, elect or remove a majority of such Entity’s Board; provided that a transfer of the ownership of securities or membership interests of an Entity to another Entity within the same Control group shall not be a Change of Control.

1.18 “Closing” has the meaning set forth in Section 11.1.

1.19 “Closing Date” has the meaning set forth in Section 11.1.

1.20 “Closing Deadline” has the meaning set forth in Section 11.1.

1.22 “Contemplated Transactions” means the transactions contemplated by this Agreement and the other agreements, documents and instruments delivered by the Parties at the Closing hereunder.

1.23 “Control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity whether through ownership, membership, contract or otherwise.

1.24 “Employee Retention Bonus” means [ ].

1.25 “Encumbrance” means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal or other restriction, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

1.26 “Entity” means any corporation, partnership, limited liability company, joint venture, association, bank, trust company, trust or other entity, whether or not legal entities.

1.27 “Environmental Law” means federal, state or local statutes and ordinances, and all rules and regulations promulgated thereunder, common law, orders, consent decrees, permits, licenses, and binding judicial and administrative interpretations thereof, pertaining or relating to: (a) natural resources and the environment; (b) public and worker health and safety (with respect to exposure to Hazardous Substances); or (c) the reporting, generation, manufacture, processing, distribution, use, treatment, storage, disposal, emission, discharge, release, transport or other handling of any Hazardous Substances, including the Comprehensive Environmental Response, Compensation and Liability Act, as amended (“CERCLA”), and the Resource Conservation and Recovery Act, as amended.


1.29 “Execution Date” has the meaning set forth in the introductory paragraph to this Agreement.

1.30 “Facilities” has the meaning set forth in the Recitals.

1.31 “Financial Statements” has the meaning set forth in Section 5.5(a).

1.32 “Fundamental Representations” means the representations and warranties set forth in Section 5.1 (Due Organization; Good Standing; Power), Section 5.2 (Affiliates and Subsidiaries), Section 5.3 (Corporate Authorization), Section 5.4 (No Violation; Approvals), Section 5.27 (Brokers), Section 6.1 (Due Organization; Good Standing; Power), and Section 6.2 (Corporate Authorization).

1.33 “GAAP” means Generally Accepted Accounting Principles in the United States.

---

2 Note to Three Links: Please provide draft employee retention bonus agreement.
1.34 "Governing Documents" means the articles of incorporation, articles of organization, certificate of incorporation, bylaws, partnership agreement, operating agreement, certificate of formation, shareholder agreements, or other documents by and through which a business organization is formed or governed.

1.35 "Government" means any federal, foreign, state or local legislature, executive, agency, board, division, instrumentality, commission, court of competent jurisdiction or tribunal, or any subdivision, department or branch of any of the foregoing, including any tax district, accreditation body or other quasi-governmental agency or authority.

1.36 "Hazardous Substances" means petroleum or petroleum products, polychlorinated biphenyls, asbestos containing materials, lead based paint, radioactive materials, toxic mold or fungus of any kind or species, and any substances, materials, chemicals, pollutants, constituents, wastes or noxious substances regulated by any Environmental Law, except Medical Wastes.

1.37 "Health Care Laws" means all Applicable Laws pertaining to health care providers and facilities; federal and state health care program conditions of participation, standards, policies, rules, procedures and other requirements; and accreditation standards of any applicable accrediting organization. Health Care Laws include the following Applicable Laws: the federal (Title XIX of the Social Security Act) and state Medicaid programs and their implementing regulations, the Medicare Program (Title XVIII of the Social Security Act) and its implementing regulations, the federal False Claims Act (31 U.S.C. §§ 3729 et seq.), the Anti-Kickback Act of 1986 (41 U.S.C. Section 51 et seq.), the Federal Health Care Program Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Federal Physician Self-Referral Law (42 U.S.C. § 1395nn), the Federal Administrative False Claims Law (42 U.S.C. § 1320a-7b(a)), the Health Insurance Portability and Accountability Act of 1996 as amended and the HIPAA Privacy Rule, the HIPAA Security Rule and the HIPAA Standards for Transactions and Code Sets (42 U.S.C. § 1320d-1320d-9; 45 C.F.R. Parts 160 and 164) ("HIPAA"), the federal Confidentiality of Alcohol and Drug Abuse Patient Records Act (42 U.S.C. § 290ee-3), the Rehabilitation Act, the Americans with Disabilities Act, the Occupational Safety and Health Administration statutes and regulations for blood borne pathogens and workplace risks, and any state and local laws that address the same or similar subject matter. Health Care Laws also include Applicable Laws related to: federal and state health care program billing, cost reporting, revenue reporting, payment and reimbursement; federal and state health care program fraud, abuse, theft or embezzlement; procurement of health care services, human and social services, and other health related services; employee background checks and credentialing of employees; credentialing and licensure of facilities or providers of such services; zoning, maintenance, safety and operations of group homes, residential facilities and day programs, and other building health and safety codes and ordinances; certificate of need laws; state law restrictions on the corporate practice of medicine (or the corporate practice of any other health related profession); eligibility for federal and state health care program contracting, including any requirements limiting contracting to nonprofit or tax exempt entities; patient information and medical record confidentiality, including psychotherapy and mental health records; splitting of health care fees; patient brokering, patient solicitation, patient capping, and/or payment of inducements to recommend or refer, or to arrange for the recommendation or referral of, patients.
to health care providers or facilities; standards of care, quality assurance, risk management, utilization review, peer review, and/or mandated reporting of incidents, occurrences, diseases and events; and advertising or marketing of health care services.

1.38 “Indebtedness” means, without duplication, any of the following liabilities: (a) indebtedness for borrowed money (including any principal, premium, accrued and unpaid interest, related expenses, prepayment penalties, commitment and other fees, sale or liquidity participation amounts, reimbursements, indemnities and all other amounts payable in connection therewith); (b) all liabilities evidenced by bonds, debentures, notes, or other similar instruments or debt securities; (c) the outstanding amount of any commitment by which a person assures a creditor against loss (including contingent reimbursement obligations with respect to bankers acceptances, fidelity bonds, surety bonds, performance bonds and letters of credit), in each case, to the extent drawn; (d) all liabilities to pay the deferred purchase price of property or services (including deferred rent) other than those trade payables incurred in the Ordinary Course of Business; (e) all liabilities arising from cash/book overdrafts; (f) all liabilities under any lease which has been under GAAP recorded as a capital lease; (g) all under conditional sale or other title retention agreements; (h) all liabilities arising out of interest rate and currency swap arrangements and any other arrangements designed to provide protection against fluctuations in interest or currency rates, to the extent payable if terminated; (i) any deferred purchase price liabilities related to past acquisitions (including the maximum amount of any earn-outs); (j) all indebtedness of others guaranteed or secured by any Encumbrance on assets and (k) guarantees of indebtedness of any other person.

1.39 “Insurance Policies” has the meaning set forth in Section 5.17.

1.40 “Intellectual Property” has the meaning set forth in Section 5.26.

1.41 [Reserved.]

1.42 “IRS” means the Internal Revenue Service.

1.43 “Knowledge”, “known”, “knowingly”, “to the knowledge” or any variant thereof will, when qualifying any representation, warranty or other statement in this Agreement, mean and refers to:

(a) with respect to the Three Links Entities: (i) all matters with respect to which any Three Links Entity or any Three Links Entity Board has received written notice; or (ii) the actual knowledge of Jay Pizinger and Sheri Priebe, and such individuals will be deemed to have “Knowledge” of a particular activity, event, fact, circumstance or condition if such Person has actual knowledge of a particular activity, event, fact, circumstance or condition, in each case after due inquiry (including of subordinates) or, if due inquiry has not been made, such knowledge that a prudent Person would be expected to have after due inquiry (including due inquiry of subordinates); or

(b) with respect to SFHS: (i) all matters with respect to which SFHS or the SFHS Board has received written notice; or (ii) the actual knowledge of Carol Raw, Cami
Peterson-DeVries, and Mari Chambers, and such individuals will be deemed to have “Knowledge” of a particular activity, event, fact, circumstance or condition if such Person has actual knowledge of a particular activity, event, fact, circumstance or condition, in each case after due inquiry (including of subordinates) or, if due inquiry has not been made, such knowledge that a prudent Person would be expected to have after due inquiry (including due inquiry of subordinates).

1.44 “Leased Real Property” has the meaning set forth in Section 5.14.

1.45 “Leased Real Property Improvements” has the meaning set forth in Section 5.14(e).

1.46 “Leases” has the meaning set forth in Section 5.14.

1.47 “Licenses and Permits” has the meaning set forth in Section 5.10(a).

1.48 “Material Adverse Event” means any event that: (a) is materially adverse to the business, assets, financial condition, results of operations, or prospects of that Party or that Party with its Affiliates, taken as a whole; (b) has a material adverse effect on the Party’s ability to consummate the Substitution or to perform its obligations under this Agreement; (c) results in, or could reasonably be expected to result in loss of licensure, accreditation, permits or approvals which are necessary to operate consistent with historic practices; (d) results in, or could reasonably be expected to result in threatened exclusion from a federal or state health care program; (e) results in, or could reasonably be expected to result in loss of tax exemption; or (f) results in, or could reasonably be expected to result in, employee at levels materially higher than historic levels, other than as a direct consequence of the execution of this Agreement or the announcement or consummation of the Substitution; provided, however, that none of the following will be a Material Adverse Event: (i) any change in Applicable Law or GAAP or interpretations thereof (other than those which would have a material adverse effect on the Party’s ability to consummate the Substitution or to perform its obligations under this Agreement); (ii) any change in the U.S. economy or impacting the U.S. health care industry generally that does not disproportionately impact the Party or that Party with its Affiliates, taken as a whole; (iii) any change in requirements, reimbursement rates, policies or procedures of third party payors or Accreditation organizations that are generally applicable to nursing and/or residential care facilities that do not disproportionately impact a Party or that Party with its Affiliates, taken as a whole; (iv) earthquakes, hurricanes or other natural disasters or acts of God; (v) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack that do not disproportionately impact a Party or that Party with its Affiliates, taken as a whole; (vi) any action taken by a Party to intentionally cause another Party to suffer a Material Adverse Event (which, for the sake of clarity, will not include any actions contemplated or permitted under this Agreement); (vii) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index) that do not disproportionately impact a Party or that Party with its Affiliates, taken as a whole; and (viii) matters disclosed in the schedules to this Agreement as of the Execution Date.
1.49 “Material Contracts” means all contracts, leases, and other binding obligations entered into by any of the Three Links Entities that:

(a) contain any non-compete or exclusivity provisions with respect to any line of business or geographic area that restricts the business of any of the Three Links Entities, or that otherwise restrict the lines of business conducted by any of the Three Links Entities or the geographic area in which they may conduct business;

(b) constitute Indebtedness of any of the Three Links Entities with a principal amount of greater than $50,000;

(c) constitute a partnership agreement, joint venture agreement or shareholder agreement to which any of the Three Links Entities is a party or involving any of their programs or operations;

(d) require any of the Three Links Entities to dispose of or acquire assets or properties with a fair market value in excess of $50,000 at the time of such disposition or acquisition;

(e) involves any pending or contemplated merger, consolidation or similar business combination transaction;

(f) are with a physician or an Entity owned by one or more physicians or, to the Knowledge of the Three Links Entities, immediate family members of a physician;

(g) are for employment, indemnity, retention, bonus, severance, change-in-control and employee leases, excluding (i) any agreements entered into in the Ordinary Course of Business with at-will employees and (ii) obligations set forth in the Governing Documents of any of the Three Links Entities;

(h) are with trustees, directors, members, shareholders, presidents, chief executive officers, chief operating officers, treasurers or chief financial officers of any Three Links Entity, excluding obligations set forth in the Governing Documents of the Three Links Entities;

(i) are Payment Program contracts;

(j) are insurance policies, trust agreements and other related agreements, including stop-loss and self-insurance arrangements;

(k) are corporate integrity agreements, settlement and other similar agreements with Government to which any of the Three Links Entities is a party;

(l) are collective bargaining agreements;

(m) obligate any of the Three Links Entities to make aggregate annual expenditures (other than principal and/or interest payments or the deposit of other reserves with
respect to Indebtedness) in excess of $50,000 and are not cancelable within ninety (90) days without material penalty to any of the Three Links Entities.

1.50 “Medical Waste” includes: (a) pathological waste, (b) blood, (c) sharps, (d) wastes from surgery or autopsy, (e) dialysis waste, including contaminated disposable equipment and supplies, (f) cultures and stocks of infectious agents and associated biological agents, (g) contaminated animals, (h) isolation wastes, (i) contaminated equipment, (j) laboratory waste, (k) various other biological waste and discarded materials contaminated with or exposed to blood, excretion or secretions from human beings or animals and (l) any substance, pollutant, material or contaminant listed or regulated under the Medical Waste Tracking Act of 1988, 42 U.S.C. sections 6992 et seq..

1.51 “Members” has the meaning set forth in the introductory paragraph of this Agreement.

1.52 “Ordinary Course of Business” means conduct that is consistent with the past practices of a Party, taken in the ordinary course of the normal operations of such Party and is consistent with Applicable Law, GAAP (if applicable) and the financial and other policies of the Party (as applied by the Party consistent with past practices).

1.53 “Owned Real Property” has the meaning set forth in Section 5.13(a).

1.54 “Owned Real Property Improvements” has the meaning set forth in Section 5.13(a)(v).

1.55 “Parties” has the meaning set forth in the introductory paragraph of this Agreement.

1.56 “Payment Programs” has the meaning set forth in Section 5.21.

1.57 “Permitted Encumbrances” means (a) encumbrances for Taxes not yet due and payable or being diligently contested in good faith and for which appropriate reserves have been established in accordance with GAAP (provided that Permitted Encumbrances will not apply to omitted or reassessed Taxes imposed due to incorrect, false or misleading real estate tax exemption applications or annual exemption certifications filed pursuant to Applicable Law); (b) liens for inchoate mechanics’ and materialmen’s liens for construction in progress and workmen’s, repairmen’s, warehousemen’s and carriers’ liens arising in the Ordinary Course of Business; (c) easements, restrictive covenants, rights of way and other similar restrictions of record that do not impair in any material respect the value of the asset or the continued conduct of the business of any of the Three Links Entities or their continued use of their assets in the manner currently used; (d) zoning, building and other similar restrictions that do not impair in any material respect the value of the asset or the continued conduct of the business of any of the Three Links Entities or their continued use of their assets in the manner currently used; (e) encumbrances, encroachments and other imperfections of title, licenses or encumbrances, if any, of record that do not impair in any material respect the value of the asset or the continued conduct of the business of any of the Three Links Entities or their continued use of their assets in the manner currently used; (f)
encumbrances arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business; (g) in the case of leased property, all matters, whether or not of record, affecting the title of the lessor (and any underlying lessor) of the leased property that do not impair in any material respect the value of its assets or the continued conduct of the business of any of the Three Links Entities or their continued use of their assets in the manner currently used; and (h) liens set forth in Schedule 1.56.

1.58 “Person” means a natural person or an Entity.

1.59 “Restriction Parties” has the meaning set forth in Section 4.3(a).

1.60 “Restriction Period” has the meaning set forth in Section 4.3(a).

1.61 “Restricted Employee” has the meaning set forth in Section 4.3(c).

1.62 “Returns” has the meaning set forth in Section 5.18.

1.63 “Schedules” means those Disclosure Schedules delivered concurrently with the execution and delivery of this Agreement.

1.64 “SFHS” has the meaning set forth in the introductory paragraph to this Agreement.

1.65 “SFHS Closing Documents” has the meaning set forth in Section 11.2(a).

1.66 “Specific Government Approvals” has the meaning set forth in Section 9.1(a).

1.67 “Subsidiaries” has the meaning set forth in the introductory paragraph of this Agreement.

1.68 “Substitution” has the meaning set forth in the Recitals.

1.69 “Taxes” means all federal, state, county, local and other taxes of every kind.

1.70 “Three Links Entities Closing Documents” has the meaning set forth in Section 11.2(b).

1.71 “Unaudited Financial Statements” has the meaning set forth in Section 5.5(a).

1.72 “WARN” has the meaning set forth in Section 5.19(c).

ARTICLE 2
IMPLEMENTATION OF SFHS AS SOLE MEMBER

2.1 Amendment of Governing Documents. On or before the Closing Date, the Members shall cause Three Links to, Three Links shall cause each of the other Three Links Entities
to, and each of the Three Links Entities shall take the following actions with respect to the Governing Documents of the respective Three Links Entities (collectively, hereinafter referred to as the “Amended Governing Documents”):

(a) Three Links Governing Documents. Three Links will amend its Governing Documents to be effective on the Closing Date in substantially the form attached as Exhibit A (the “Amended Three Links Governing Documents”) to identify SFHS as its sole corporate member.

(b) Three Links Apartments (TLA) Governing Documents. TLA will amend its Governing Documents to be effective on the Closing Date in substantially the form attached as Exhibit B (the “Amended TLA Governing Documents”).

(c) Park Ridge Governing Documents. Park Ridge will amend its Governing Documents to be effective on the Closing Date in substantially the form attached as Exhibit C (the “Amended Park Ridge Governing Documents”).

(d) Millstream Commons Governing Documents. Millstream Commons will amend its Governing Documents to be effective on the Closing Date in substantially the form attached as Exhibit D (the “Amended Millstream Commons Governing Documents”).

(e) Villages of Lonsdale Governing Documents. Villages will amend its Governing Documents to be effective on the Closing Date in substantially the form attached as Exhibit E (the “Amended Villages of Lonsdale Governing Documents”).

(f) Three Links Management Services Governing Documents. Management Services will amend its Governing Documents to be effective on the Closing Date in substantially the form attached as Exhibit F (the “Amended Management Services Governing Documents”).

2.2 Assets. All assets, including all cash, cash equivalents, accounts receivable and other assets (tangible, real or personal), owned or held in the name of any of the Three Links Entities immediately prior to the Closing will continue to be owned or held by the Three Links Entities (as applicable) immediately after the Closing.

2.3 Liabilities. Except as otherwise agreed to in writing, all liabilities, Indebtedness, commitments and other financial and operational obligations, whether known or unknown, fixed or contingent, recorded or unrecorded, of each of the Three Links Entities immediately before the Closing, as disclosed on the Financial Statements, will continue to be the liabilities, Indebtedness, commitments and obligations of the Three Links Entities (as applicable) immediately after the Closing.

2.4 Excluded Assets and Liabilities. Foundation is expressly excluded from the Substitution contemplated hereby and as such, all assets of Foundation are not included in the transaction contemplated hereby and SFHS shall not assume or in any way become liable for any of Foundation’s debts, liabilities or obligations, whether accrued, absolute, contingent or

3 Note to Three Links: Please confirm who will manage/control Foundation following removal of Three Links as sole member of Foundation.
otherwise, whether known or unknown, whether due or to become due, whether related to the Business, and whether disclosed on the Disclosure Schedules delivered in connection herewith, and regardless of when or by whom asserted.

ARTICLE 3
PURCHASE PRICE

3.1 **Purchase Price.** The aggregate purchase price for the Substitution shall be an amount equal to the assumption of the Indebtedness (the “Purchase Price”).

ARTICLE 4
OPERATIONAL COVENANTS

4.1 **Mission-Based Operation of Foundation and its Business; Employee Retention Credit.**

(a) Effective immediately upon and continuing after the date that Three Links is replaced as the sole member of Foundation, Foundation shall continue to operate exclusively for charitable and educational purposes and shall continue the operations of the Business, consistent with operations as currently or previously conducted by Foundation, including without limitation, making grants to each of the Three Links Entities and guaranteeing all Indebtedness of the Three Links Entities existing on or prior to the Effective Date.

(b) Foundation covenants to promptly transfer to Three Links, no later than three (3) days following Foundation’s receipt of such funds, the entire balance of the employee retention tax credit disbursed to Foundation, except for One Million Five Hundred Thousand Dollars ($1,500,000) which is to be retained by Foundation.

4.2 **Employee Matters.** SFHS anticipates that all employees of the Three Links Entities will remain employees of each of the Three Links Entities, respectfully, after giving effect to the Closing, subject to the human resources policies of SFHS and each of the Three Links Entities, respectfully. Notwithstanding anything to the contrary, none of the Three Links Entities nor SFHS intend to create a joint employer relationship, and nothing herein shall constitute a guaranty of employment or a contract of employment enforceable against SFHS, or any Three Links Entity by any employee of any of the Three Links Entities following the Closing, and no such employee shall be a third party beneficiary in any manner under this Agreement. Moreover, SFHS may take such steps following the Closing to align the Three Links Entities’ compensation and benefits with SFHS’s evolving compensation and benefits strategy.

4.3 **Restrictive Covenants.**

(a) During the period commencing on the Closing Date and ending on the date which is the ten-year anniversary of the Closing Date (the “Restriction Period”), none of the Members or Foundation (collectively, the “Restricted Parties”) shall, nor shall they allow any of their respective Affiliates, to engage in the Business or any other business similar to or in competition with the Business (whether as an owner, operator, manager, consultant, advisor,
representative or otherwise), directly or indirectly, within a one hundred (100) mile radius of the Facilities.

(b) During the Restriction Period, the Restricted Parties shall not, nor shall they allow any of their respective Affiliates to, solicit any of the patients, residents, suppliers, vendors, or business partners of the Business or any prospective patients, residents, suppliers, vendors, or business partners with respect to any services within the scope of the Business, nor interfere with SFHS’s business relationship with, or efforts to form a business relationship with, such patients, residents, suppliers, vendors, or business partners for the purpose or intent to cause any such patients, residents, suppliers, vendors, or business partners to terminate or alter his, her or its relationship with SFHS or the Business.

(c) During the Restriction Period, the Restricted Parties shall not, nor shall they allow any of their respective Affiliates to, directly or indirectly, either for itself or any other Person, contact, approach or solicit or attempt to contact, approach or solicit for the purpose of offering employment to or hiring (whether as an employee, consultant, or independent contractor) or actually hire any person who is employed by SFHS, any of the Three Links Entities or any of their respective Affiliates on the Closing Date or who at any time during the six (6) months immediately preceding the Closing Date was employed by any Three Links Entity (each a “Restricted Employee”), or otherwise persuade, encourage or induce or attempt to persuade, encourage or induce any Restricted Employee to terminate his or her association with SFHS, any of the Three Links Entities or any of their respective Affiliates, in each case, without the prior written consent of SFHS.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF FOUNDATION AND THE THREE LINKS ENTITIES

Each of Foundation and each of the Three Links Entities hereby represents and warrants, on its behalf and on behalf of each other Three Links Entity:

5.1 Due Organization; Good Standing; Power.

(a) Each Three Links Entity is a Minnesota nonprofit corporation or nonprofit limited liability (as applicable), exempt from federal income taxation under Section 501(a) of the Code, as an organization described in Section 501(c)(3) of the Code and is not a “private foundation” within the meaning of Section 509(a) of the Code, or treated as a disregarded entity of Three Links for income tax purposes.

(b) Each Three Links Entity is duly formed, validly existing and in good standing or continuing under the laws of the State of Minnesota, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted. Each Three Links Entity has registered with the proper Government all assumed names under which it operates its businesses and continuously maintained all such filings in good standing. Each Three Links Entity is qualified to engage in
business activities in each jurisdiction in which its activities or assets requires such qualification, except for such failures to be so qualified, licensed or in good standing that, individually or in the aggregate, have not resulted and would not reasonably be expected to result in a Material Adverse Event.

5.2 **Affiliates and Subsidiaries.** Exhibit G sets forth an accurate and complete list of all of the Three Links Entities. None of the Three Links Entities owns or has any right to any issued or unissued membership or other equity interests in any other Person. No Three Links Entity is party to any agreement granting, or has granted, any equity appreciation, participation, phantom equity or similar rights.

5.3 **Corporate Authorization.**

(a) Foundation and each Three Links Entity has the full corporate power and authority to enter into and to perform its obligations under this Agreement.

(b) The execution, delivery and performance of this Agreement by Foundation and each Three Links Entity has been duly and properly authorized by all necessary corporate or sponsorship action in accordance with its Governing Documents.

(c) This Agreement constitutes the valid and legally binding obligation of Foundation and each Three Links Entity, enforceable against each in accordance with its terms, except as enforceability may be limited by (i) general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law and (ii) bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors’ rights generally (collectively, the **“Bankruptcy and Equity Exception”**).

5.4 **No Violation; Approvals.**

(a) The execution, delivery and performance of this Agreement will not result in the creation of any Encumbrance of any kind other than Permitted Encumbrances or the termination or acceleration of any Indebtedness or other obligation of any Three Links Entity, and, except to the extent specified on Schedule 5.4(a), is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any Material Contract, indenture, mortgage, material permit or license, approval or other commitment to which any Three Links Entity is a party or is subject or by which any such entity is bound, or any Applicable Law.

(b) Assuming the truth and accuracy of the representations and warranties of SFHS set forth in this Agreement and in reliance thereon, except (i) to the extent specified on Schedule 5.4(b), and (ii) and those the failure of which to obtain or make would not prevent or materially delay the Closing, no approval, authorization, registration, consent, order, filing or other action that has not occurred or been obtained with or from any person, including any Government,

---

4 Note to Draft: Schedule to include HUD approval, among others.
is required for the execution and delivery by any of the Three Links Entities of this Agreement or the consummation by any of the Three Links Entities of the Contemplated Transactions.

5.5 Financial Statements.

(a) Schedule 5.5(a) contains the (i) audited consolidated financial statements of the Three Links Entities for the fiscal years ended December 31, 2020, December 31, 2021 and December 31, 2022 (collectively, the “Audited Financial Statements”) and (ii) unaudited financial statements of the Three Links Entities for the interim period from January 1, 2023 through the most recent month-end date for which financial statements were available before the Execution Date (collectively, the “Unaudited Financial Statements” and together with the Audited Financial Statements, the “Financial Statements”).

(b) The Financial Statements are (i) true and correct and present fairly the financial position of the Three Links Entities, respectively, and the results of their respective operations at the dates and for the periods indicated, and (ii) are in conformity with GAAP, applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology, except that the Unaudited Financial Statements need not contain any of the footnotes or other year-end adjustments required to comply with GAAP.

(c) From and after July 1, 2020, none of the Three Links Entities have made any changes to their accounting methods or practices used to:

   (i) Establish reserves on any patient, resident, notes or accounts receivable;

   (ii) Establish estimates of any third party settlement;

   (iii) Determine the value of any other accounts that require subjective determinations; and

   (iv) Establish malpractice, general liability or other self-insurance reserves, including claims incurred but not reported.

(d) None of the Three Links Entities have any material liabilities or obligations of any kind, whether contingent or absolute, direct or indirect, or matured or unmatured, that are not shown or provided for in the Financial Statements, other than (i) claims covered by insurance and any individual liability or obligation of less than $50,000, provided such liabilities and obligations in the aggregate do not exceed $250,000 or (ii) liabilities arising in the Ordinary Course of Business that are reflected on the Unaudited Financial Statements or in approved budgets disclosed to SFHS.

(e) The Financial Statements accurately reflect donor-restricted funds or assets of each of the Three Links Entities.

(f) None of the Three Links Entities have taken, or caused or permitted to be taken, any action that would change the legal or beneficial ownership status of the accounts in
which funds of or attributable to employee pension benefit plans of any of the Three Links Entities are invested or otherwise held.

5.6 **Accounts Receivable.** All accounts receivable of the Three Links Entities reflected on the Financial Statements represent and constitute bona fide indebtedness owing to the Three Links Entities, respectively, for services actually performed or for goods or supplies actually provided in the amounts indicated on the Financial Statements with no known set offs, deductions, compromises, or reductions, other than reasonable allowances for bad debts and contractual allowances in an amount consistent with historical practices and that were taken into consideration in the preparation of the Financial Statements. The Three Links Entities have provided or made available to SFHS an aging report of all such accounts receivable and a schedule of all accounts receivable, whether recorded or unrecorded, that have been assigned to collection agencies or are otherwise held or assigned for collection.

5.7 **Interim Changes.** Except for matters expressly permitted or authorized by this Agreement or except as set forth on Schedule 5.7, there has not been since July 1, 2020:

(a) Any Material Adverse Event with respect to any of the Three Links Entities;

(b) Any disposition by any of the Three Links Entities of any property, rights or other assets owned by or employed in the operation of the Business or Facilities, except for dispositions in the Ordinary Course of Business;

(c) Any amendment of the Governing Documents of any of the Three Links Entities;

(d) Any change in the Boards of any of the Three Links Entities other than the expiration of terms or filling of vacancies in the Ordinary Course of Business consistent with their applicable Governing Documents;

(e) Any pending or threatened labor dispute, strike or work stoppage;

(f) Any material damage, destruction or other casualty loss affecting the tangible assets of any of the Three Links Entities not covered by insurance; or

(g) Any adoption or amendment of any bonus, profit sharing, incentive, retention or severance agreement or arrangement, or any Benefit Plan, involving any officer, director or employee of any of the Three Links Entities.

5.8 **Material Contracts.** The Three Links Entities have delivered or made available to SFHS or its legal counsel true and complete copies of all Material Contracts and a narrative description of the material terms of any unwritten Material Contracts. Each Material Contract constitutes the complete agreement and understanding among the parties thereto regarding the subject matter thereof. Each Material Contract has been duly authorized and executed by the relevant Three Links Entity, and to the Knowledge of the Three Links Entities, the other parties thereto. No Three Links Entity is in breach or default under any material term or provision of any
Material Contract to which it is a party or by which it is bound, nor to the Knowledge of the Three Links Entities is any other party thereto in breach or default thereunder. All such Material Contracts are in full force and effect and are valid and enforceable obligations of the Three Links Entities that are parties thereto and the other parties thereto except as limited by the Bankruptcy and Equity Exception. Except as set forth on Schedule 5.8, no Material Contract would be breached or contains obligations that could be accelerated or give rise to payment penalties upon consummation of the Contemplated Transactions. No event has occurred or fact, circumstance or condition exists that, to the ‘Three Links Entities’ Knowledge, with or without notice or the lapse of time, or the happening of any further event or existence of any future fact, circumstance or condition, would become a default by any Three Links Entity under any Material Contract. No party to any Material Contract has repudiated, terminated or given written notice of its intent not to renew such Material Contract. There are no renegotiations or to the Knowledge of the Three Links Entities attempts to renegotiate or outstanding rights to negotiate any amount to be paid or payable to or by any Three Links Entity under any Material Contract, and no person or entity has made a written demand for such renegotiation. No Three Links Entity has released or waived any of its rights under any Material Contract.

5.9 Legal Proceedings. Except as set forth on Schedule 5.9, none of the Three Links Entities is a defendant in, or, to the Knowledge of the Three Links Entities, has been threatened with any action, suit, proceeding, complaint, charge, hearing or arbitration, or any investigation by any Government that: (a) would impair the ability of any of the Three Links Entities to perform its obligations hereunder; (b) would impair the ability of any of the Three Links Entities to conduct its businesses and operations as presently conducted; (c) would have or result in, or would reasonably be expected to have or result in, a Material Adverse Event; or (d) is not covered by insurance or for which an insurer has denied coverage, either in whole or in part. The Three Links Entities have delivered or made available to SFHS descriptions of all current, and to the Knowledge of the Three Links Entities, threatened, actions, suits, proceedings, complaints, charges, hearings and arbitrations, and any investigation by any Government in which any of the Three Links Entities is a defendant or which any of the Three Links Entities is subject.

5.10 Licenses and Permits.

(a) Each of the Three Links Entities hold and is in material compliance with all Government licenses, permits, certificates, consents and approvals as are necessary to run its operations as currently operated or currently contemplated by it to be operated (the “Licenses and Permits”). The Licenses and Permits are current, unrestricted and valid. True and complete copies of all Licenses and Permits have been provided or made available to SFHS.

(b) There are no pending or, to the Knowledge of the Three Links Entities, threatened proceedings that are reasonably likely to result in the revocation, termination, suspension or material limitation of material Licenses and Permits.

(c) Except as set forth Schedule 5.10(c), no statement of deficiencies, survey report, inspection report, notice of audit, audit results, complaint or other notice of noncompliance with the requirements, standards or other conditions or any revocation, termination, suspension or limitation of any of the material Licenses and Permits has been issued or received that has not been
corrected or for which a plan of correction has not been timely submitted and accepted by the relevant authority and none are, to the Knowledge of the Three Links Entities, threatened for which any actual or potential payment or other obligation exists, nor do the Three Links Entities have Knowledge of any basis for any such action.

5.11 **No Material Omissions.**

(a) To the Knowledge of the Three Links Entities, the Three Links Entities have responded accurately in all material respects to all requests for information and documentation made by SFHS in connection with its due diligence review of the business, operations, assets and liabilities of the Three Links Entities. To the Knowledge of the Three Links Entities, the Three Links Entities have not omitted any material information relating to the businesses, operations, assets or liabilities of the Three Links Entities in its responses to SFHS’s requests. Since the delivery of such responses to SFHS, none of the Three Links Entities has received or failed to disclose any information that would render untrue or misleading in any material respect any information previously disclosed to SFHS in response to its requests for information.

(b) The representations and warranties of the Three Links Entities contained in this Agreement, and each Exhibit, Schedule, certificate or other document delivered at Closing by the Three Links Entities pursuant to this Agreement, are accurate, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

5.12 **Compliance with Law.**

(a) The Three Links Entities are in material compliance with all Applicable Law (except Environmental Law, which is exclusively addressed in Section 5.13(b) herein), including all Health Care Laws.

(b) No Three Links Entity has:

(i) knowingly or willfully offered, paid, solicited or received any remuneration (including any kickback, bribe or rebate, but excluding any legally permissible copayment or other payment), directly or indirectly, overtly or covertly, in cash or in kind (A) in return for referring an individual to a person for the furnishing, or arranging for the furnishing, of any item or service for which payment may be made in whole or in part by Medicare, Medicaid, or any other state or federal healthcare program or (B) in return for purchasing, leasing, ordering or arranging for or recommending purchasing, leasing or ordering any good, facility, service or item for which payment may be made in whole or in part by Medicare, Medicaid or any other state or federal healthcare program;

(ii) knowingly or willfully made a payment, directly or indirectly, to a physician as an inducement to reduce or limit medically necessary services to individuals who are under the direct care of the physician and who are entitled to benefits under Medicare, Medicaid or any other state or federal healthcare program, in a manner that would violate Applicable Law;
(iii) knowingly or willfully made or caused to be made or induced or sought to induce the making of any false statement or representation (or omitted to state a material fact) required to be stated therein (or necessary to make the statement contained therein not misleading) of a fact with respect to (A) the conditions or operations of any of the Three Links Entities in order that such entity would qualify for Medicare, Medicaid, or any state other federal healthcare program certification or (B) information required to be provided under Section 1124A of the Social Security Act (42 U.S.C. § 1320a-3a); or

(iv) knowingly or willfully (A) charged for any Medicaid service money or other consideration at a rate in excess of the rates established by Applicable Law or (B) charged, solicited, accepted or received, in addition to amounts paid by Medicaid, any gift, money, donation or other consideration (other than a charitable, religious, or other philanthropic contribution from an organization or from a person unrelated to the patient) (1) as a precondition of admitting the patient or (2) as a requirement for the patient’s continued stay in a facility operated by any of the Three Links Entities in a manner that violates Applicable Law.

5.13 Owned Real Property and Environmental Laws.

(a) Title to Owned Real Property and Other Assets. The Three Links Entities have provided or made available to SFHS lists of all real property owned by The Three Links Entities by common address, property tax identification number, the Three Links Entity that owns such real property and whether such property is totally or partially exempt from real property or ad valorem taxation pursuant to Applicable Law (the “Owned Real Property”). As set forth on Schedule 5.13(a)-1, each of the designated Three Links Entities is the sole and exclusive owner of all right, title and interest in and has good and marketable fee simple title to the Owned Real Property so designated free and clear of all Encumbrances, other than Permitted Encumbrances. The Owned Real Property includes all real estate owned by the Three Links Entities and used in connection with their current operations. Except as set forth on Schedule 5.13(a)-2, no Three Links Entity has leased or otherwise granted to any Person the right to use any Owned Real Property or any portion thereof. There are no outstanding options, rights of first refusal or rights of first offer to purchase any Owned Real Property or any portion thereof or interest therein. To the Knowledge of the Three Links Entities, except as described on Schedule 5.13(a)-3, with respect to the Owned Real Property:

(i) No Three Links Entity has received during the past three (3) years notice of a violation of any Applicable Law, and no Three Links Entity has received notice of condemnation, Encumbrance (other than Permitted Encumbrances), assessment or the like, relating to any part of the Owned Real Property or the operation thereof;

(ii) Each parcel of Owned Real Property is either (A) totally exempt from real property or ad valorem taxation pursuant to Applicable Law (other than assessments by any Government unless specifically exempted by the assessment); the Three Links Entities have furnished SFHS with true and complete copies of determinations of exempt status and annual certification thereafter for such Owned Real Property and the Three Links Entities have received no notice and have no Knowledge that the status of such Owned Real Property will change from
exempt to taxable or (B) separately assessed for real estate tax purposes and is not combined with any land or real estate that is not a part of the Owned Real Property for real estate tax assessment purposes, and the Three Links Entities have not received any notice of change in assessed value that is not reflected in Owned Real Property tax bills furnished to SFHS except for any notice of change not yet reflected in such Owned Real Property tax bills which notice has been provided or made available to SFHS;⁵

(iii) No portion of any Owned Real Property is located within an area that has been identified by the Federal Emergency Management Agency as an area having special flood or mudslide hazards as such term is used in the National Flood Insurance Act of 1968, as amended and supplemented by The Flood Disaster Protection Act of 1973, and in regulations, interpretations and rulings thereunder;

(iv) All permanent certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals required by all Government having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions), which, if not obtained would result in any of the Three Links Entities being unable to carry on its business have been issued for the Owned Real Property (and all individual items constituting the Owned Real Property), have been paid for, are in full force and effect, and, to the Knowledge of the Three Links Entities, will not be invalidated, violated or otherwise affected by the consummation of the Contemplated Transactions;

(v) All buildings, structures, fixtures, building systems and equipment, and all components thereof with respect to the Owned Real Property (the “Owned Real Property Improvements”), including the roofing/exterior/foundation systems, mechanical systems, HVAC systems, plumbing, electrical, security, utility and sprinkler systems, are in good working condition, subject only to normal wear and tear and normal, scheduled maintenance, are sufficient for the operations currently conducted thereon, and the Three Links Entities are not aware of any material structural or other physical defect or deficiency in the condition of the Owned Real Property. There are no facts or conditions affecting any of the Three Links Entities that would, individually or in the aggregate, materially interfere with the use or occupancy of the Owned Real Property Improvements or any portion thereof in the operations as currently conducted thereon.⁶

(vi) To the Knowledge of the Three Links Entities, no Three Links Entity has received any notice of any existing, proposed or contemplated plans to modify or realign any street or highway or any existing, proposed or contemplated eminent domain proceeding that would result in the taking of all or any part of the Owned Real Property or that would adversely affect the current use of any part of the Owned Real Property;

(vii) Upon consummation of the Contemplated Transactions, the current owners of the Owned Real Property will be entitled to continue to use any Owned Real Property

⁵ Note to Three Links: As part of outstanding real estate-related due diligence requests, please provide latest real estate tax statements for each parcel of owned real property.

⁶ Note to Three Links: We understand there are boilers on the properties in need of replacement. Please provide detailed update regarding process and progress of replacing those boilers.
that is currently employed by any of the Three Links Entities in the conduct of their operations as currently conducted; and

(viii) The Owned Real Property is subject to no easements, conditions, restrictions, ordinances, or other limitations that would make such property unusable for its current use or the title to such property unmarketable, or restrict or impair the current use or operation of the business in a manner consistent with the current use, or that would require the removal of any improvements, except for such easements, conditions, restrictions, ordinances, or other limitations that individually would not impair the value or the continued use and operation of the Owned Real Property as presently conducted by any of the Three Links Entities and other Permitted Encumbrances.

(b) Environmental Laws. Except as disclosed on Schedule 5.13(b): (i) the Owned Real Property is and for the prior three (3) years has been in material compliance with all applicable Environmental Laws; (ii) the Three Links Entities have not received any written notice within the past three (3) years and to the Knowledge of the Three Links Entities there is no notice that is outstanding or unresolved that could result in a liability under any Environmental Law; (iii) the Three Links Entities have not managed, processed, released, handled, disposed of, arranged for the disposal of, spilled or discharged Hazardous Substances or Medical Waste at, on or from the Owned Real Property or at, on or from any other property, except in material compliance with applicable Environmental Law; (iv) to the Knowledge of the Three Links Entities, no prior owners, operators or occupants of the Owned Real Property have caused or allowed any Hazardous Substances or Medical Waste to be discharged, managed, processed, released, disposed, spilled or otherwise handled on the Owned Real Property in violation of any Environmental Law; (v) The Three Links Entities are in material compliance and, for the prior three (3) years, have been in material compliance with all applicable Environmental Laws; (vi) to the Knowledge of the Three Links Entities, the Owned Real Property does not contain asbestos containing material in such form or condition for which abatement, repair or removal is required by applicable Environmental Law; and (vii) there are no, nor to the Knowledge of the Three Links Entities, have there been any dumps, pits or surface impoundments located on the Owned Real Property for the disposal or containment of Hazardous Substances or Medical Waste. The Three Links Entities will promptly notify SFHS should any Three Links Entity obtain Knowledge, before the Closing Date, of any Encumbrance other than Permitted Encumbrances, notice, litigation, or threat of litigation arising after the Execution Date and relating to any alleged or actual violation of Environmental Law, any actual or alleged liability under any Environmental Law or any spill or release of any Hazardous Substance in violation of Environmental Laws with respect to any part of the Owned Real Property or related in any respect to any of the Three Links Entities. Except as disclosed on Schedule 5.13(b), none of the Three Links Entities has sent, arranged for disposal or treatment, arranged with a transporter for transport for disposal or treatment, transported, or accepted for transport any Hazardous Substances or Medical Waste, to a facility, site or location, that, pursuant to CERCLA or any similar state or local law, (i) has been placed or has been publicly proposed by authorities having jurisdiction to be placed, on the National Priorities List or its state equivalent or (ii) to the Knowledge of the Three Links Entities, is subject to a claim, administrative order or other demand to take removal or remedial action by any Government having jurisdiction and authority in the

7 Note to Three Links: In line with all outstanding environmental due diligence requests, please also provide copies of most recent Phase I and Phase II reports, including any other environmental compliance audits.
matter. Except as disclosed on Schedule 5.13(b), none of the Three Links Entities has received any written requests for information, potentially responsible party letters or general or special notices alleging that any of the Three Links Entities is or may be liable pursuant to any Environmental Law for the treatment, storage, disposal, arrangement for disposal, transportation, release or threatened release of any Hazardous Substances or Medical Waste. All underground storage tanks on the Owned Real Property or currently used by the Three Links Entities to store Hazardous Substances are in material compliance with applicable Environmental Laws and have not leaked, spilled or discharged Hazardous Substances into the environment, including the surface or subsurface soil or groundwater around or adjacent to the underground storage tanks. The Three Links Entities have made available to SFHS all Phase I reports, Phase II reports, environmental compliance audits, underground storage tank closure and investigation reports, asbestos surveys and abatement reports, indoor air quality assessments, mold abatement reports and Occupational Health and Safety Administration compliance audits in the possession, custody or control of the Three Links Entities with respect to the Owned Real Property.

5.14 Leased Real Property. The Three Links Entities have provided or made available to SFHS true and complete copies of all leases of real property with respect to which any of the Three Links Entities is a landlord, tenant, sublessor, subtenant, licensor or licensee (the “Leased Real Property”), setting forth the names of all parties thereto, the identity of the relevant landlord, tenant, sublessor, subtenant, licensor or licensee, the common address of the real property and the date of the lease (collectively, the “Leases”). Except as set forth on Schedule 5.14, with respect to the Leases:

(a) Each Three Links Entity that is a tenant or subtenant has valid and enforceable leasehold interests to the leasehold estate in the leased real property, subject to the Bankruptcy and Equity Exception;

(b) Each Lease has been duly authorized and executed by the applicable Three Links Entity, and to the Knowledge of the Three Links Entities, the other parties thereto;

(c) All rents and other amounts payable to or by the Three Links Entities pursuant to the Leases are based upon the fair rental value of the leased premises measured at the time such lease was entered into;

(d) No party is in default under any Lease, nor, to the Three Links Entities’ Knowledge, has any event occurred which, with notice or the passage of time, or both, would give rise to such a default by any of the Three Links Entities or the other parties thereto;

(e) All buildings, structures, fixtures, building systems and equipment, and all components thereof with respect to the leased real property (the “Leased Real Property Improvements”), including the roofing/exterior/foundation systems, mechanical systems, HVAC systems, plumbing, electrical, security, utility and sprinkler systems, are in good working condition, subject only to normal wear and tear and normal, scheduled maintenance, are sufficient for the operations currently conducted thereon, and no Three Links Entity is aware of any material

8 Note to Three Links: In line with outstanding real property-related due diligence requests, please also provide copies of all existing lease agreements (written or oral).
structural or other physical defect or deficiency in the condition of the Leased Real Property Improvements;

(f) To the Knowledge of the Three Links Entities, there are no facts or conditions affecting the Three Links Entities that would, individually or in the aggregate, materially interfere with the use or occupancy of the Leased Real Property Improvements or any portion thereof in the operations as currently conducted thereon;

(g) No Three Links Entity has received a notice of non-renewal of a Lease; and

(h) None of the Three Links Entities have assigned, transferred, conveyed, mortgaged, deeded in trust, or Encumbered (other than Permitted Encumbrances) any interest in any leasehold under any Lease.

5.15 **Title to Assets; Condition of Assets.** Except as disclosed on Schedule 5.15, other than Owned Real Property that is provided for in Section 5.13(a), and leasehold interests that are provided for in Section 5.14, each of the Three Links Entities has good and defensible title to all of its assets of every kind, character and description, whether personal, tangible or intangible, used in connection with the operation of their respective businesses free and clear of all Encumbrances, other than Permitted Encumbrances, and such assets are in good operating condition, subject only to normal wear and tear and normal, scheduled maintenance, and are sufficient for the operations currently conducted therewith.

5.16 **Tax Exempt Status.** The IRS has not taken, or, to the Knowledge of the Three Links Entities, proposed to take, any action to revoke the tax-exemption of any of the Three Links Entities, and has not determined in writing or, to the Knowledge of the Three Links Entities, proposed to announce, that any of the Three Links Entities is a “private foundation” within the meaning of Section 509(a) of the Code. To the Knowledge of the Three Links Entities, there has been no change in the organization or operation of any of the Three Links Entities that is reasonably likely to result in a loss of its status as an organization described in Section 501(c)(3) of the Code or that is reasonably likely to cause any of the Three Links Entities to be treated as a “private foundation” within the meaning of Section 509(a) of the Code.

5.17 **Insurance.** The Three Links Entities have provided or made available to SFHS a true, accurate, correct and complete list (including the name of the insurer, coverage, premium, deductible, liability amount, expiration date, and whether underwritten on a claims-made or occurrence basis) of all binders and policies of insurance maintained by any Three Links Entity under which any of the Three Links Entities is a named insured or that otherwise insure assets used primarily in connection with the Business or any of the Three Links Entities’ operations (collectively, the “**Insurance Policies**”). Except as set forth on Schedule 5.17, the Insurance Policies are in full force and effect and will remain in full force and effect through the Closing Date, be renewed if set to expire prior to the Closing Date or be replaced with substantially similar coverage. The Three Links Entities have not received notice that any of the Insurance Policies will be canceled or not renewed.
5.18 **Taxes.** Each of the Three Links Entities have filed, or will file, all returns, declarations, and reports and all information returns and statements required to be filed or sent with respect to all Taxes for all periods preceding the Closing Date (collectively, the “Returns”). As of the time of filing, the Returns correctly reflected, and Returns prepared or being prepared but not yet filed as of the Execution Date, will correctly reflect, the income, business, assets, operations, activities and status of each of the Three Links Entities and any other information required to be shown therein. Each of the Three Links Entities have timely paid or made provision for the payment of all Taxes shown as due and payable on their Returns required to be filed or sent before the Execution Date and have made provision for timely payment of all Taxes that will be shown as due and payable on their Returns required to be filed or sent by them after the Execution Date and relating to any period before the Closing Date.

5.19 **Labor and Employment Matters.**

(a) Each of the Three Links Entities is in material compliance with all Applicable Law respecting employment and employment practices, terms and conditions of employment, nondiscrimination, employee and independent contractor classifications, employee leave laws, disability rights or benefits, equal opportunity, immigration, labor relations, benefits, payment of employment, social security, and similar employer-required contributions, withholdings and taxes, occupational safety and health, worker’s compensation, unemployment insurance, plant closings and layoffs, and wages and hours. Each of the Three Links Entities has made available to SFHS copies of all material independent contractor agreements, consultation agreements or other types of similar agreements currently in effect and to which any of the Three Links Entities is a party. No Three Links Entities is a party to, or otherwise bound by, any consent decree with, or citation by, any Government relating to employees or employment practices. The Three Links Entities have not received any written notice of intent by any Government responsible for the enforcement of labor or employment Applicable Laws to conduct an investigation relating to any of the Three Links Entities that remains unresolved and, to the Knowledge of the Three Links Entities, no such investigation is in progress.

(b) There has not been within the last three (3) years, and there is not presently pending or, to the Knowledge of the Three Links Entities, threatened, any strike, dispute, slowdown, picketing, work stoppage, or employee grievance process, or any proceeding against or affecting any of the Three Links Entities relating to an alleged violation of any Applicable Law pertaining to labor relations, including any charge, complaint or unfair labor practices claim filed by an employee, union, or other person with the National Labor Relations Board or any Government, organizational activity, or other labor dispute against or affecting any of the Three Links Entities or their operations or assets. With respect to the employees of The Three Links Entities, except as set forth on Schedule 5.19(b), no collective bargaining agreement exists or is currently being negotiated to which any of the Three Links Entities is a party or is bound, (ii) no labor union or collective bargaining representative has been certified as representing any employees of any of the Three Links Entities, (iii) no demand has been made for recognition by a labor organization or other collective bargaining representative and no such agreement to

---

9 Note to Three Links: In line with outstanding tax-related due diligence requests, please also provide copies of latest Form 990s and related tax forms.
recognize has been made, and (iv) to the Knowledge of the Three Links Entities, no union representation question exists, no union organizing activities are taking place, within the past three years have taken place or have been threatened to take place, and none of the employees of any of the Three Links Entities are represented by any labor union or collective bargaining representative. The Three Links Entities have made available to SFHS true and accurate copies of all such agreements listed on Schedule 5.19(b).

(c) There has been no “mass layoff” or “plant closing” within the meaning of the Worker Adjustment and Retraining Notification Act of 1988, as amended ("WARN"), or any similar state or local “mass layoff” or “plant closing” law with respect to any of the Three Links Entities within the twelve (12) months before Closing and there are no employees who had an “employment loss,” as such term is defined in WARN or any similar state or local legal requirements within the ninety (90) days preceding the Execution Date.

5.20 Employee Benefits.

(a) The Three Links Entities have provided or made available to SFHS an accurate, correct and complete list of all “employee welfare benefit plans” (as defined in Section 3(1) of ERISA), “employee pension benefit plans” (as defined in Section 3(2) of ERISA), and all other employee benefit plan agreements and arrangements and employee benefit policies, whether funded or unfunded, qualified or nonqualified, subject to ERISA or not, maintained or contributed to (or required to be contributed to) by any Three Links Entity for the benefit of any officer, employee or other person of the Three Links Entities (all the foregoing being herein referred to as “Benefit Plans”). The Three Links Entities also have made available to SFHS the following:

(i) Each Benefit Plan and all amendments thereto;

(ii) The three most recent annual reports on Form 5500, if required, filed with the IRS or the Department of Labor with respect to any Benefit Plan, including all schedules and attachments;

(iii) Each trust agreement, annuity contract or insurance contract, if any, relating to any Benefit Plan and any amendments thereto;

(iv) The most recent certified financial statements relating to each Benefit Plan, as applicable, and the most recent actuarial reports for any Benefit Plan that is a tax qualified defined benefit pension plan;

(v) The summary plan description and all summaries of material modifications for each Benefit Plan;

10 Note to Three Links: We understand there was an attempt by the Three Links workforce to unionize at some time in the past. Please confirm approximate timing of that and whether that was prior to 3 years ago.

11 Note to Three Links: In line with outstanding benefits-related due diligence requests, please also provide copies of all existing employee welfare benefit plans and related documentation.
(vi) Each determination letter, ruling letter or any outstanding ruling request on the tax exempt status of any qualified Benefit Plan or any voluntary employees’ beneficiary association implementing a Benefit Plan;

(vii) Any and all notices of any audit or investigation of a Benefit Plan that were given by the IRS, the Pension Benefit Guaranty Corporation or the Department of Labor to any Three Links Entity within the four years preceding the Execution Date; and

(viii) Any voluntary correction filing submitted with respect to any Benefit Plan within the last four years to the IRS or Department of Labor; with respect to each employee welfare benefit plan providing health benefits subject to COBRA, sample correspondence to employees from each such plan giving notice of their rights under Section 4980B of the Code and any other documents relating to such plan indicating compliance with Code Section 4980B.

(b) All contributions to, and payments from, the Benefit Plans required to be made in accordance with the terms of the Benefit Plans and Applicable Law have been timely made. No Benefit Plan is subject to the funding rules of Section 302 of ERISA or Section 412 of the Code.

(c) All Benefit Plans (and all related trust agreements or annuity contracts or any funding instruments) have been administered in accordance with their terms and materially comply currently, and have materially complied in the past, both as to form and operation, with the provisions of applicable tax laws, the Code and Applicable Law. To the extent that any Benefit Plan is a tax qualified retirement plan, it has been maintained and administered in accordance with its terms and the provisions of applicable tax laws and the Code, where required for the Benefit Plan to be tax qualified under Sections 401(a) and 501(a) of the Code, and all other Applicable Law.

The Benefit Plans that are pension benefit plans have received determination letters or private letter rulings from the IRS to the effect that such Benefit Plans are qualified and exempt from Federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and no such determination letter or private letter ruling has been revoked nor, to the Knowledge of the Three Links Entities, has revocation been threatened, nor has any such Benefit Plan been amended or experienced any change in facts or circumstances since the date of its most recent determination letter or private letter ruling or application therefor in any respect which would adversely affect its qualification.

(d) All reports, returns and similar documents with respect to the Benefit Plans required to be filed with any Government or distributed to any Benefit Plan participant have been duly and timely filed or distributed. To the Knowledge of the Three Links Entities, there are no threatened or pending investigations by any Government, termination proceedings or other claims (except claims for benefits payable in the normal operation of the Benefit Plans), suits or proceedings against or involving any Benefit Plan or asserting any rights or claims to benefits under any Benefit Plan that could reasonably be expected to give rise to any liability, nor are there any facts that could reasonably be expected to give rise to any liability in the event of any such investigation, claim, suit or proceeding.
(e) To the Knowledge of the Three Links Entities, no “prohibited transaction” (as defined in Section 4975 of the Code or Section 406 of ERISA) has occurred that involves the assets of any Benefit Plan and that could reasonably be expected to subject any of the Three Links Entities, or any of their respective employees, or a trustee, administrator or other fiduciary of any trust created under any Benefit Plan, to the tax or penalty on prohibited transactions imposed by Section 4975 of the Code or the sanctions imposed under Title I of ERISA. No Benefit Plan which has been terminated has or may cause liability to any of the Three Links Entities.

(f) No Benefit Plan provides medical benefits to any current or future retired or terminated employee (or any dependent thereof) of any of the Three Links Entities, other than as required pursuant to COBRA.

(g) Each Benefit Plan that is a nonqualified deferred compensation plan (as defined in Code Section 409A(d)(1)) has been operated since January 1, 2020 in good faith compliance with Code Section 409A and the underlying IRS guidance and Department of Treasury Regulations.

5.21 Payment Programs. The Three Links Entities have provided or made available to SFHS a true and accurate list of all of the private, commercial and governmental payment and procurement programs with which any of the Three Links Entities are participating providers or suppliers (including Medicare and Medicaid) (the “Payment Programs”). Except as set forth on Schedule 5.21:

(a) No Three Links Entity is engaged in termination proceedings as to its respective participation in any Payment Program, and no Three Links Entity has received notice that its current participation in any Payment Program is subject to any contest, termination, suspension or change as a result of alleged violations or any noncompliance with participation requirements;

(b) No Three Links Entity has taken or committed to any action, entered into any agreement, contract or undertaking, or taken or omitted to take any other action of any nature whatsoever that was or is in material violation of any applicable Payment Program condition of participation, contract, standard, policy, rule, regulation, procedure or other requirement;

(c) All billing and collection practices of the Three Links Entities and, to the Knowledge of the Three Links Entities, of any billing and/or collection agent acting on behalf of any of the Three Links Entities have been in material compliance with all Health Care Laws and the conditions for participation, contracts, standards, policies, rules, regulations, manuals, procedures and requirements of applicable Payment Programs;

(d) All cost reports and cost statements submitted by the Three Links Entities to any Payment Program are true, accurate and complete and have been prepared and submitted in accordance with cost and accounting principles consistently applied that comply with all

---

Note to Three Links: In line with outstanding due diligence requests, please also provide copies of all existing payment program contracts.
applicable Payment Program conditions for participation, contracts, standards, policies, rules, regulations, manuals, procedures and requirements, including Payment Program interpretations and guidance;

(e) The Three Links Entities have provided SFHS with access to all open cost reports of the Three Links Entities and a description of their status;

(f) No Three Links Entity, nor any Person on behalf of any Three Links Entity, has knowingly taken any of the following actions: (i) submitted to any Payment Program any false, fraudulent, abusive or improper claim for payment; (ii) billed any Payment Program for any service not rendered or not rendered as claimed; or (iii) retained any payment or reimbursement from any Payment Program in excess of the proper amount allowed by Applicable Law and applicable contracts or agreements with the Payment Programs, or for services or supplies not rendered or provided;

(g) There is no audit, investigation, adverse action, or civil, administrative, or criminal proceeding pending or, to the Knowledge of the Three Links Entities, threatened relating to participation in any Payment Program by any of the Three Links Entities; and to the Knowledge of the Three Links Entities there is no basis for any such adverse action by the Payment Program against any of the Three Links Entities;

(h) Within the last five years, no Payment Program, governmental or quasi-governmental agency or contractor has requested or, to the Knowledge of the Three Links Entities, threatened any material withholding, recoupment, repayment, recapture, refund, or set off from any of the Three Links Entities other than in the Ordinary Course of Business, or imposed any fine, penalty or other sanction on any of the Three Links Entities, or have provided any Three Links Entity notice of the same; and

(i) The Three Links Entities have complied, or will comply, in a timely manner with any notice, approval, application, submission, filing or other requirements of the Payment Programs with respect to the Contemplated Transactions, including any transfer or change of ownership requirements.

5.22 Accreditation. The Three Links Entities have provided or made available to SFHS a list of the Three Links Entities’ current accreditations by various accreditation organizations (collectively, the “Accreditations”). Except as set forth on Schedule 5.22: (a) all of the Accreditations have been duly obtained, are held by any of the Three Links Entities, are current and valid, and are in full force and effect; (b) to the Knowledge of the Three Links Entities, no event has occurred or other fact exists with respect to the Accreditations that allows, or after notice or lapse of time or both would allow, revocation, suspension, or restriction, limitation or termination of any of the Accreditations or would result in any other impairment of the rights of the holder of any of the Accreditations; (c) no notice from any accreditation organization in respect to the revocation, suspension, restriction, limitation or termination of any Accreditations has been issued, received or, to the Knowledge of the Three Links Entities, proposed or threatened; and (d) no statement of deficiencies, survey report, inspection report, notice of audit, audit results, complaint or other notice of noncompliance with the requirements, standards or other conditions
of any Accreditation has been issued, received or, to the Knowledge of the Three Links Entities, proposed or threatened by any Accreditation organization, for which any actual or potential obligation exists.

5.23 Compliance Program. The Three Links Entities have provided to SFHS a copy of the Three Links Entities’ current compliance program materials. Except as set forth on Schedule 5.23, no Three Links Entity: (a) is or has been a party to a Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services or a settlement agreement with the Centers for Medicare and Medicaid Services; (b) has a reporting obligation pursuant to any settlement agreement entered into with any Government; (c) to the Knowledge of the Three Links Entities, has been the subject of any Government payer program investigation conducted by any federal or state enforcement agency within the past six (6) years; (d) to the Knowledge of the Three Links Entities is or has been a defendant in any unsealed qui tam/False Claims Act litigation; (e) has been served with or received any search warrant, subpoena, civil investigative demand, contact letter, or, to the Knowledge of the Three Links Entities, telephone or personal contact by or from any federal or state enforcement agency pertaining to the potential violation of any Health Care Law (except in connection with medical services provided to third parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the health care businesses conducted by the Three Links Entities): (f) within the past six (6) years has received, to the Three Links Entities’ Knowledge, any complaints from employees, independent contractors, vendors, physicians, or any other person that resulted in a claim being filed with the Government alleging that any of the Three Links Entities has violated any Applicable Law; or (g) has made any self-disclosures to or has any self-disclosures pending with any Government for actual or potential violations of a Health Care Law. For purposes of this Agreement, the term “compliance program” refers to provider programs of the type described in the compliance guidance published by the Office of Inspector General of the Department of Health and Human Services.

5.24 Exclusion from Health Care Programs. No Three Links Entity nor any of their respective officers, directors, agents, or managing employees (as such term is defined in 42 U.S.C. § 1320a-5b) nor any other of their employees, agents or independent contractors has been: (a) excluded from participating in any Federal Health Care Program (as defined in 42 U.S.C. § 1320a-7b(f)); (b) subject to sanction or been indicted or convicted of a crime, or pled nolo contendere or to sufficient facts, in connection with any allegation of violation of any Federal Health Care Program requirement or Health Care Law; (c) debarred or suspended from any federal or state procurement or nonprocurement program by any Government; or (d) designated a Specially Designated National or Blocked Person by the Office of Foreign Asset Control of the U.S. Department of Treasury.

5.25 Experimental Procedures. No Three Links Entity has performed or permitted the performance of any experimental or research procedures or studies involving patients not authorized and conducted in accordance with the procedures of the applicable Institutional Review Board.

5.26 Intellectual Property; Computer Software. No proceedings are pending or, to the Knowledge of the Three Links Entities, threatened that challenge the validity of the ownership
by any of the Three Links Entities of any material trademarks, service marks, trade names, patents, copyrights, and applications therefore (whether registered or common law) currently owned or used by any of the Three Links Entities (“Intellectual Property”). The Three Links Entities have not licensed any Person to use such Intellectual Property and no Three Links Entity has any Knowledge of the use or the infringement of any such Intellectual Property by any Person. The Three Links Entities own (or possesses adequate and enforceable licenses or other rights to use) all Intellectual Property and all computer software programs and similar systems used in the conduct of their businesses.

5.27  **Data Privacy.** To the Knowledge of the Three Links Entities, no Three Links Entity has received any written notice or claim of, or been subject to any action for, any data privacy or security breach, nor have they suffered any HIPAA breach with respect to the Facilities.

5.28  **No Brokerage.** No Three Links Entity has contacted a broker in connection with this Agreement or the Contemplated Transactions.

5.29  **No Third Party Beneficiaries.** The representations and warranties of the Three Links Entities contained in this Article 5 are solely for the benefit of the other Parties. No other Person shall be a third party beneficiary of the representations and warranties of the Three Links Entities contained in this Article 5 or have any claim with respect to any breach or inaccuracy, alleged or otherwise, of such representations and warranties.

**ARTICLE 6**
**REPRESENTATIONS AND WARRANTIES OF SFHS**

SFHS hereby represents and warrants:

6.1  **Due Organization; Good Standing; Power.**

(a) SFHS is a Minnesota nonprofit corporation. SFHS is exempt from federal income taxation under Section 501(a) of the Code, as an organization described in Section 501(c)(3) of the Code and is not a “private foundation” within the meaning of Section 509(a) of the Code.

(b) SFHS is duly formed, validly existing and in good standing under the laws of the State of Minnesota, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

6.2  **Corporate Authorization.**

(a) SFHS has the full corporate power and authority to enter into and to perform its obligations under this Agreement.
(b) The execution, delivery and performance of this Agreement by SFHS has been duly and properly authorized by all necessary corporate action in accordance with its respective Governing Documents.

(c) This Agreement constitutes the valid and legally binding obligation of SFHS, enforceable against it in accordance with its terms, except as enforceability may be limited by the Bankruptcy and Equity Exception.

6.3 No Violation; Approvals.

(a) The execution, delivery and performance of this Agreement will not result in the creation of any Encumbrance other than Permitted Encumbrances or the termination or acceleration of any Indebtedness or other obligation of SFHS, and is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any material contract, indenture, mortgage, material permit or license, approval or other commitment to which SFHS is a party or is subject or by which SFHS is bound, or any Applicable Law.

(b) Assuming the truth and accuracy of the representations and warranties of the Three Links Entities set forth in this Agreement and in reliance thereon, except (i) to the extent specified on Schedule 6.3(b), and (ii) those the failure of which to obtain or make would not prevent or materially delay the Closing, no approval, authorization, registration, consent, order, filing or other action that has not occurred or been obtained with or from any person, including any Government, is required for the execution and delivery by SFHS of this Agreement or the consummation by SFHS of the Contemplated Transactions.

6.4 Licenses and Permits. SFHS holds and is in material compliance with all Government licenses, permits, certificates, consents and approvals as are necessary to run its operations as currently operated, and all such are current, unrestricted and valid.

6.5 No Material Omissions.

(a) To the Knowledge of SFHS, SFHS has responded accurately in all material respects to all requests for information and documentation made by the Three Links Entities in connection with their due diligence review of the business, operations, assets and liabilities of SFHS. SFHS has not to its Knowledge omitted any material information relating to the businesses, operations, assets or liabilities of SFHS in its responses to the Three Links Entities’ requests. Since the delivery of such responses to the Three Links Entities, SFHS has not received or failed to disclose any material information which would render untrue or misleading in any material respect any information previously disclosed to SFHS in response to its requests for information.

(b) The representations and warranties of SFHS contained in this Agreement, and each Exhibit, Schedule, certificate or other document delivered at Closing by SFHS pursuant to this Agreement are accurate, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

13 Note to Draft: Schedule to include Diocese and St. Cloud membership board approvals.
6.6 **Compliance with Law.** SFHS is in material compliance with all Applicable Law.

6.7 **Tax Exempt Status.** The IRS has not taken, or, to the Knowledge of SFHS proposed to take, any action to revoke the tax-exemption of SFHS, and has not determined in writing or, to the Knowledge of SFHS, proposed to announce, that SFHS is a “private foundation” within the meaning of Section 509(a) of the Code. To the Knowledge of SFHS, there has been no change in the organization or operation of SFHS that would result in a loss of SFHS’s status as an organization described in Section 501(c)(3) of the Code or which could cause SFHS to be treated as a “private foundation” within the meaning of 509(a) of the Code.

6.8 **Exclusion from Health Care Programs.** Neither SFHS nor any of its respective officers, directors, agents, or managing employees (as such term is defined in 42 U.S.C. § 1320a-5(b)) nor any other of its employees, agents or independent contractors has been (a) excluded from participating in any Federal Health Care Program (as defined in 42 U.S.C. § 1320a-7f); (b) subject to sanction or been indicted or convicted of a crime, or pled nolo contendere or to sufficient facts, in connection with any allegation of violation of any Federal Health Care Program requirement or Health Care Law; (c) debarred or suspended from any federal or state procurement or nonprocurement program by any Government; or (d) designated a Specially Designated National or blocked Person by the Office of Foreign Asset Control of the U.S. Department of Treasury.

6.9 **Legal Proceedings.** SFHS is not a defendant in, or, to the Knowledge of SFHS, has been threatened with any action, suit, proceeding, complaint, charge, hearing or arbitration, or any investigation by any Government that (a) would impair the ability of SFHS to perform its obligations hereunder; (b) would impair the ability of SFHS to conduct its businesses and operations as presently conducted; or (c) would have or result in, or would reasonably be expected to have or result in, a Material Adverse Event.

6.10 **No Third Party Beneficiaries.** The representations and warranties of SFHS contained in this Article 6 are solely for the benefit of the other Parties. No other Person shall be a third party beneficiary of the representations and warranties of SFHS contained in this Article 6 or have any claim with respect to any breach or inaccuracy, alleged or otherwise, of such representations and warranties.

**ARTICLE 7**

**COVENANTS OF THE THREE LINKS ENTITIES AND FOUNDATION**

7.1 **Interim Conduct of Business.** From the Execution Date to the Closing Date:

(a) The Members shall cause the Three Links Entities to, and the Three Links Entities shall:

   (i) Preserve, protect and maintain their business, properties and assets in the Ordinary Course of Business;
(ii) Maintain a minimum balance of One Million Five Hundred Thousand Dollars ($1,500,000) in cash and other cash equivalents, funds placed in time and demand deposits, certificates of deposit, money market accounts or similar accounts;

(iii) Maintain their assets in a state of good repair and in a condition that complies with all Applicable Law and is consistent with the Ordinary Course of Business;

(iv) Operate their businesses as going concerns and in the Ordinary Course of Business;

(v) Preserve the goodwill of all individuals and entities having business or other relations with them, including physicians, employees, patients, customers and suppliers;

(vi) Periodically, and at least once every two weeks, report to SFHS regarding the Three Links Entities’ operations, financial conditions and prospects;

(vii) Pay when due or otherwise satisfy in the Ordinary Course of Business all of their bona fide liabilities incurred in the Ordinary Course of Business, subject to good faith disputes;

(viii) Continue in full force and effect the insurance coverage under the Insurance Policies or substantially equivalent policies;

(ix) Maintain their books and records in the Ordinary Course of Business; and

(x) Use commercially reasonable efforts to obtain all documents called for by this Agreement and required to facilitate the consummation of the Contemplated Transactions.

(b) The Three Links Entities will provide SFHS with the Unaudited Financial Statements as set forth in Section 5.5(a).

(c) None of the Three Links Entities will do any of the following without the prior written consent of SFHS:

(i) Make any changes, or permit any changes to be made, in the Governing Documents of any of the Three Links Entities, except for changes expressly contemplated by this Agreement;

(ii) Enter into any transactions or contractual obligations (A) reasonably expected to result in an expenditure or obligations in excess of $50,000, in the aggregate, that is not included in any of the Three Links Entities’ routine annual capital and operating budget or (B) that could result in a Material Adverse Event with respect to any of the Three Links Entities, except for transactions expressly authorized by this Agreement;
(iii) Initiate a change in the identity or material change in the duties of any officer or executive employee of any of the Three Links Entities;

(iv) Make expenditures in excess of $50,000, in the aggregate, that are not included in any of the Three Links Entities’ routine annual capital and operating budgets;

(v) Dispose of any property, rights or other assets owned by or employed in the Business or operations of any of the Three Links Entities, except for dispositions in the usual and Ordinary Course of Business;

(vi) Except with respect to the Employee Retention Bonus, adopt or materially amend any bonus, profit sharing, incentive or severance agreement or arrangement, or any Benefit Plan, involving any officer, director or employee of any of the Three Links Entities;

(vii) Engage in any “mass layoff” or “plant closing” as such terms are defined in WARN; or

(viii) Enter into any new or amend in any material way any existing Material Contract other than:

   (A) Material Contracts described in Section 1.49(f), provided that copies thereof are provided to SFHS;

   (B) Renewals of or amendments to Payment Program contracts in effect as of the Execution Date which occur by virtue of the natural expiration of the terms of such Payment Program contracts; and

   (C) Renewals of or amendments to Material Contracts described in Section 1.46(j) which occur by virtue of the natural expiration of the terms of such Material Contracts, provided that copies thereof are provided to SFHS.

(d) [Foundation shall not amend, alter, modify or take any similar action with respect to its obligations under any contract evidencing any Indebtedness of the Three Links Entities.]

7.2 **Preserve Accuracy of Representations and Warranties.** From the Execution Date to the Closing Date:

(a) The Three Links Entities will not take any action which would render any representation or warranty contained in Article 5 inaccurate or untrue in any material respect as of the Closing Date.

(b) The Three Links Entities will promptly notify SFHS of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against any Three Links Entity, or any of their respective officers, directors or members involving in any material way the ability
of the Three Links Entities to consummate the Contemplated Transactions, or that are likely to result in a Material Adverse Event.

(c) The Three Links Entities will promptly notify SFHS in writing of any facts or circumstances which come to its attention and which cause, or through the passage of time may cause, any of the representations and warranties made by the Three Links Entities and contained in Article 5 or the Schedules thereto to be untrue or misleading in any material respect at any time from the Execution Date to the Closing Date.

7.3 **Access to Information.**

(a) From the Execution Date to the Closing Date, the Three Links Entities will continue to give to SFHS and to its representatives full and free access, during normal business hours, to all properties, books, records and contracts and other materials pertaining to the businesses, properties and assets of the Three Links Entities, as may be requested by SFHS, subject to reasonable advance notice.

(b) The Three Links Entities will cooperate in keeping SFHS fully informed and will promptly notify SFHS of any Material Adverse Event.

7.4 **Maintain Books and Accounting Practices.** From the Execution Date to the Closing Date, the Three Links Entities will maintain the books of account of the Three Links Entities in the usual, regular and ordinary manner in accordance with GAAP consistently applied and on a basis consistent with prior years, including the consistent use of assumptions, practices, procedures and terminology, and except as otherwise required by GAAP, the Three Links Entities will not make or cause to be made any material changes in the accounting methods or practices of any of the Three Links Entities, including, as applicable, the methods or practices set forth in Section 5.5(c).

7.5 **Compliance with Laws.** From the Execution Date to the Closing Date, the Three Links Entities will:

(a) Materially comply with all Applicable Law affecting the Three Links Entities; and

(b) Keep, hold and maintain all certificates, Accreditations, Licenses and Permits necessary for the conduct and operation of the Three Links Entities.

7.6 **No Conflicting Transactions.** From the Execution Date to the Closing Date, none of the Three Links Entities will, without the prior written consent of SFHS: (a) enter into any Change of Control agreement or other transaction that would materially constrain its ability to consummate the Contemplated Transactions; and (b) explore, meet, discuss, negotiate, directly or indirectly, or enter into an agreement with any third party for the purpose of discussing, organizing, formulating, designing, developing, investing in or implementing an arrangement that could lead to a Change of Control.
7.7 Third Party Authorizations. From the Execution Date to the Closing Date, the Three Links Entities will use commercially reasonable efforts to obtain expeditiously and in coordination with SFHS all consents, approvals and authorizations of third parties, whether by Government or private Person, make all filings, and give all notices that (a) are listed on Schedule 5.4(b), or (b) are identified by SFHS as reasonably necessary, appropriate or advisable under Applicable Law or under all contracts, agreements and commitments, or to the extent necessary for the valid execution, delivery and performance of this Agreement by the Three Links Entities.

7.8 Insurance. Following the Execution Date and prior to the Closing Date, the Three Links Entities shall cause the Insurance Policies to be maintained through the expiration date for each of the Insurance Policies with respect to the Three Links Entities, and will obtain, at the sole expense of the Three Links Entities, coverage for an extended reporting period of three years for the professional liability coverage part, the commercial general liability coverage part, and the employee benefits liability coverage part of such Insurance Policies.\(^\text{14}\)

7.9 Sole Member of Foundation. Following the Execution Date and prior to the Closing Date, Three Links shall be replaced as the sole member of Foundation. Upon such substitution of Three Links as the sole member of Foundation and continuing thereafter, none of the Three Links Entities shall become the sole member of Foundation. For the avoidance of doubt, the member substitution of Three Links as the sole member of Foundation shall occur and become effective no later than the Closing Date.

ARTICLE 8
COVENANTS OF SFHS

8.1 Interim Conduct of Business. From the Execution Date to the Closing Date:

(a) SFHS will use commercially reasonable efforts to obtain all documents called for by this Agreement and required to facilitate the consummation of the Contemplated Transactions.

(b) SFHS will not do any of the following without the prior written consent of Three Links:

(i) Make any changes, or permit any changes to be made, in its Governing Documents that are reasonably likely to adversely affect its ability to consummate the Contemplated Transactions;

(ii) Enter into any agreement involving a Change of Control of SFHS; or

(iii) Enter into any agreement or transaction that is reasonably likely to adversely affect its ability to consummate the Contemplated Transactions.

\(^{14}\) Note to Three Links: Please confirm Three Links will obtain the tail coverage described in this section.
8.2 Preserve Accuracy of Representations and Warranties. From the Execution Date to the Closing Date:

(a) SFHS will not take any action which would render any representation or warranty contained in Article 6 inaccurate or untrue as of the Closing Date.

(b) SFHS will promptly notify Three Links of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against SFHS or its respective officers, directors or member involving in any material way the ability of SFHS to consummate the Contemplated Transactions.

(c) SFHS will promptly notify Three Links in writing of any facts or circumstances that come to its attention and that cause, or through the passage of time may cause, any of the representations and warranties contained in Article 6 to be untrue or misleading in any material respect at any time from the Execution Date to the Closing Date.

8.3 Access to Information.

(a) From the Execution Date to the Closing Date, SFHS will continue to provide relevant information to Three Links and its representatives as may be reasonably requested by Three Links.

(b) SFHS will cooperate in keeping Three Links fully informed and will promptly notify Three Links of any Material Adverse Event.

8.4 Compliance with Laws. From the Execution Date to the Closing Date, SFHS will materially comply with all Applicable Law affecting SFHS.

8.5 No Conflicting Transactions. From the Execution Date to the Closing Date, SFHS will not, without the prior written consent of Three Links: (a) enter into any Change of Control agreement or other transaction that would materially constrain its ability to consummate the Contemplated Transactions; and (b) explore, meet, discuss, negotiate, directly or indirectly, or enter into an agreement with any third party for the purpose of discussing, organizing, formulating, designing, developing, investing in or implementing an arrangement that could lead to a Change of Control.

8.6 Third Party Authorizations. From the Execution Date to the Closing Date, SFHS will use commercially reasonable efforts to obtain expeditiously all consents, approvals and authorizations of third parties, whether Government or private, make all filings, and give all notices which may be necessary or appropriate under Applicable Law and under all contracts, agreements and commitments to which SFHS is a party or is bound, or to the extent necessary for the valid execution, delivery and performance of this Agreement by SFHS.
ARTICLE 9
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE THREE LINKS ENTITIES

The obligations of the Three Links Entities to consummate the Contemplated Transactions are, at the option of the Three Links Entities, subject to the satisfaction, on or before the Closing Date, of the following conditions:

9.1 **Consents and Approvals.** All consents, authorizations, orders, approvals, filings, registrations and notices required for the consummation of the Contemplated Transactions will have been made or obtained, as applicable, on or before the Closing Date (and each such consent, authorization, order, approval, filing, registration and notice is in full force and effect as of the Closing Date), including:

(a) **Specific Government Approvals.** The Parties will have obtained the following consents, approvals, authorizations from, or made the required filings and notices to, Government to consummate the Contemplated Transactions ("**Specific Government Approvals**"):  

(i) U.S. Department of Housing and Urban Development;  
(ii) State of Minnesota Department of Health; and  
(iii) Centers for Medicare & Medicaid Services.

(b) **Third-Party Notices and Consents.** Each of the other consents, approvals, authorizations, filings and notices required to be obtained or sent pursuant to **Section 8.6** have been obtained or sent, as applicable.

9.2 **Representations and Warranties.**

(a) The representations and warranties of SFHS set forth in Article 6 (disregarding all materiality qualifiers contained therein), other than Fundamental Representations, shall be true and correct as of the date hereof and as of the Closing Date as though made on and as of the Closing Date (unless made as of a specified date, in which case such representations and warranties shall be true and correct as of such specified date), except where the failure of any such representations and warranties to be true and correct in the aggregate would not reasonably be expected to prevent or materially delay the consummation of the Contemplated Transactions; and

(b) The Fundamental Representations of SFHS set forth in **Article 6** shall be true and correct in all respects, if qualified by materiality, or in all material respects, if not so qualified, as of the date hereof and on and as of the Closing Date as though made on and as of the Closing Date (unless made as of a specified date, in which case such representations and warranties shall be so true and correct as of such specified date).
9.3 **Performance of Covenants.** SFHS shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions required to be performed or complied with by it on or before the Closing Date.

9.4 **No Pending Action.** No action or proceeding before any Government will be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the Contemplated Transactions, declare unlawful the Contemplated Transactions or cause such transactions to be rescinded.

9.5 **No Bankruptcy.** SFHS will not (a) be in receivership or dissolution, (b) have made any assignment for the benefit of creditors, (c) have admitted in writing its inability to pay its debts as they mature, (d) have been adjudicated bankrupt or (e) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor will any such petition have been filed against SFHS.

9.6 **No Material Adverse Event.** Between the Execution Date and the Closing Date, there will have been no change, event, circumstance, occurrence or development that, individually or in the aggregate, has resulted in or would reasonably be expected to result in a Material Adverse Event with respect to SFHS.

9.7 **Delivery of SFHS Closing Documents.** SFHS will have delivered, on or before the Closing Date, the SFHS Closing Documents.

9.8 **Delivery of Other Agreements.** SFHS shall have delivered all other documents and information as the Three Links Entities reasonably request as of the Closing Date, and shall have executed or delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the Contemplated Transactions.

**ARTICLE 10**

**CONDITIONS PRECEDENT TO OBLIGATIONS OF SFHS**

The obligations of SFHS to consummate the Contemplated Transactions are, at the option of SFHS, subject to the satisfaction, on or before the Closing Date, of the following conditions:

10.1 **Consents and Approvals.** All consents, authorizations, orders, approvals, filings, registrations and notices required for the consummation of the Contemplated Transactions will have been made or obtained, as applicable, on or before the Closing Date (and each such consent, authorization, order, approval, filing, registration and notice is in full force and effect as of the Closing Date), including:

(a) **Specific Government Approvals.** The Parties will have obtained the Specific Government Approvals.
10.2 **Representations and Warranties.**

(a) The representations and warranties of the Three Links Entities set forth in Article 5 (in each case disregarding all materiality or Material Adverse Event qualifiers contained therein), other than Fundamental Representations, shall be true and correct in all respects as of the date hereof and as of the Closing Date as though made on and as of the Closing Date (unless made as of a specified date, in which case such representations and warranties shall be true and correct as of such specified date), except where the failure of any such representations and warranties to be true and correct in the aggregate has not resulted and would not reasonably be expected to result in a Material Adverse Event; and

(b) The Fundamental Representations of the Three Links Entities set forth in Article 5 shall be true and correct in all respects, if qualified by materiality, or in all material respects, if not so qualified, as of the date hereof and on and as of the Closing Date as though made on and as of the Closing Date (unless made as of a specified date, in which case such representations and warranties shall be so true and correct as of such specified date).

10.3 **Performance of Covenants.** Foundation and each of the Three Links Entities shall have performed all of the obligations and complied with each of the covenants, agreements and conditions required to be performed or complied with on or before the Closing Date.

10.4 **No Pending Action.** No action or proceeding before any Government will be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the Contemplated Transactions, declare unlawful the Contemplated Transactions or cause such transactions to be rescinded.

10.5 **No Bankruptcy.** No Three Links Entity will (a) be in receivership or dissolution; (b) have made any assignment for the benefit of creditors, (c) have admitted in writing its inability to pay its debts as they mature, (d) have been adjudicated bankrupt or (e) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state; and nor will any such petition have been filed against any Three Links Entity.

10.6 **No Material Adverse Event.** Between the Execution Date and the Closing Date, there will have been no change, event, circumstance, occurrence or development that, individually or in the aggregate, has resulted in or would reasonably be expected to result in a Material Adverse Event with respect to the Three Links Entities.

10.7 **Delivery of Three Links Entities Closing Documents.** The Three Links Entities will have delivered, on or before the Closing Date, the Three Links Entities Closing Documents.
10.8 **Delivery of Other Documents or Agreements.** The Three Links Entities shall have delivered all other documents and information as SFHS reasonably requests as of the Closing Date, and shall have executed or delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the Contemplated Transactions.

**ARTICLE 11**

**CLOSING**

11.1 **Closing Date; Closing.** The Parties will close the Contemplated Transactions on (a) October 1, 2023, or (b) such other date agreed to by the Parties following the receipt of all regulatory approvals and satisfaction of all conditions precedent to Closing set forth herein (the “Closing Date”). The Closing Date will be no later than November 1, 2023 (the “Closing Deadline”). The delivery of the documents required to be delivered on the Closing Date by the respective Parties (the “Closing”) will occur on the Business Day immediately before the Closing Date, or such other date agreed to by the Parties. All documents to be executed and actions to be taken, pursuant to this Agreement, at the Closing, will be deemed to have been executed and to have been taken substantially concurrently, and no action will be deemed to be complete until all are completed. Unless the Parties otherwise agree in writing, the Contemplated Transactions are to become effective as of the Closing Date, and will become so effective, provided that, as of the Closing Date, all of the Closing conditions (except for any Closing condition that has been waived in writing by all Parties entitled to do so) have occurred, including the delivery by each Party of each of the Closing documents required to be delivered by such Party hereunder.

11.2 **Closing Document Deliveries.** At the Closing, the Parties will deliver the documents described below.

(a) **SFHS Closing Documents.** At the Closing, SFHS will deliver the following documents (the “SFHS Closing Documents”):

(i) A certificate of the Chief Executive Officer of SFHS, dated as of the Closing Date, certifying that the conditions specified in Section 9.2 and Section 9.3 have been satisfied;

(ii) A certificate of the Secretary (or equivalent authorized officer) of SFHS, dated as of the Closing Date, certifying as true and correct: (A) as of the Execution Date and as of the Closing Date the incumbency of the officers of SFHS who have executed SFHS Closing Documents; and (B) as of the Execution Date and as of the Closing Date, the due adoption and continued effectiveness of resolutions of the SFHS Board approving the Contemplated Transactions;

(iii) Such other instruments and documents as may be reasonably necessary to carry out the Contemplated Transactions and to comply with the terms hereof.
(b) **Three Links Entities Closing Documents.** At the Closing, Foundation and each of the Three Links Entities will deliver the following documents (the “**Three Links Entities Closing Documents**”):

(i) A certificate of an authorized officer of Foundation and of each Three Links Entity, dated as of the Closing Date, certifying the conditions specified in Section 10.2 and Section 10.3 have been satisfied;

(ii) Certificates of the Secretaries (or equivalent authorized officer) of Foundation and each of the Three Links Entities, dated as of the Closing Date, certifying as true and correct as of the Execution Date and as of the Closing Date: (A) the incumbency of the officers of each Three Links Entity who have executed Three Links Entities Closing Documents; (B) as of the Execution Date and as of the Closing Date, the due adoption and continued effectiveness of resolutions of the Three Links Entities’ Boards approving the Contemplated Transactions, including the applicable amended Governing Documents;

(iii) Duly executed and adopted copies of the Amended Governing Documents;

(iv) Resignations from each of the members of the Boards of the Three Links Entities effective at 11:59 p.m. Central Time on the day prior to the Closing Date;

(v) Copies of all consents, approvals, authorizations, filings and notices required to be obtained or sent pursuant to Section 7.7; and

(vi) Such other instruments and documents as may be reasonably necessary to carry out the Contemplated Transactions and to comply with the terms hereof.

**ARTICLE 12**

**TERMINATION**

12.1 **Termination.** This Agreement may be terminated and the Contemplated Transactions may be abandoned at any time prior to the Closing:

(a) By mutual written consent of Foundation, the Three Links Entities and SFHS;

(b) By SFHS if:

(i) a breach of any of the representations or warranties of Foundation or the Three Links Entities set forth in Article 5 shall have occurred or if Foundation or any Three Links Entity has breached any covenant or agreement set forth in this Agreement such that the condition to Closing set forth in either Section 10.2 or Section 10.3 would not be satisfied and such breach, if curable, is not cured within thirty (30) days after written notice thereof is delivered to Three Links (but in no event shall such cure period extend past the Closing Deadline);
(ii) if any Person files a complaint in federal district court or state court seeking to preliminarily restrain or enjoin the Contemplated Transactions; or

(iii) if any of the conditions set forth in Article 10 shall have been incapable of fulfillment (other than as a result of a breach of this Agreement by SFHS).

(c) By the Three Links Entities if a breach of any of the representations or warranties of SFHS set forth in Article 6 shall have occurred or if SFHS has breached any covenant or agreement set forth in this Agreement such that the condition to Closing set forth in either Section 9.2 or Section 9.3 would not be satisfied and such breach, if curable, is not cured within thirty (30) days after written notice thereof is delivered to SFHS (but in no event shall such cure period extend past the Closing Deadline) or if any of the conditions set forth in Article 9 shall have been incapable of fulfillment (other than as a result of a breach of this Agreement by any of the Three Links Entities);

(d) By SFHS or the Three Links Entities if the Contemplated Transactions shall not have been consummated on or prior to the Closing Deadline;

(e) By SFHS or the Three Links Entities if any Applicable Law issued or enacted by any Government of competent jurisdiction which materially delays or permanently prohibits the consummation of the Contemplated Transactions, shall have become final and nonappealable; provided, that the right to terminate this Agreement pursuant to this Section 12.1(e) shall not be available to such Party whose failure (or in the case of SFHS the failure of any Three Links Entity) to act in compliance with the provisions of this Agreement has been a principal cause of such Applicable Law to have been issued.

12.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 12.1, this entire Agreement shall forthwith become void and there shall be no liability or obligation on the part of any Party, except that no such termination shall relieve any Party from any liability for any breach of any of its obligations under this Agreement prior to such termination. Notwithstanding the foregoing, in no event shall any Party be liable for punitive or special damages.

ARTICLE 13 INDEMNIFICATION

13.1 Indemnification for the Benefit of SFHS. Notwithstanding the Closing, but subject to the limitations set forth in this Agreement, Foundation agrees to indemnify, defend and hold SFHS and its Affiliates, and their respective directors, officers, employees, shareholders, managers, members, agents and representatives (collectively, “SFHS Indemnified Parties”), harmless from and against any claims, settlements, judgments, damages, liabilities, losses, costs, expenses or deficiencies, including, but not limited to, reasonable attorneys’ fees and other costs and expenses incident to proceedings or investigations, or the defense or settlement of any claim (collectively, “SFHS’s Damages”) arising out of, resulting from or relating to: (a) any inaccuracy in or breach of the representations and warranties of Foundation or any of the Three Links Entities set forth in this Agreement; (b) any failure of Foundation or any of the Three Links Entities to duly
perform or observe any covenant or agreement to be performed or observed by each of them pursuant to this Agreement, or any agreement to be executed by Foundation or any of the Three Links Entities pursuant to the terms of this Agreement; or (c) any acts, omissions or occurrences relating to the Facilities or the Business prior to the Closing Date; provided, however, that Foundation shall not have any liability under clause (a), (b) or (c) above if SFHS’s Damages occur prior to the Closing Date and arise out of, result from or relate to any of the items set forth in clause (a), (b) or (c) above, solely as a result of the Three Links Entities and results in a Material Adverse Event, in which case the Three Links Entities, jointly and severally, shall become liable to SFHS.

13.2 Indemnification for the Benefit of Foundation and the Three Links Entities. Notwithstanding the Closing, but subject to the limitations set forth in this Agreement, SFHS agrees to indemnify, defend and hold Foundation, and its respective directors, officers, employees, shareholders, managers, members, agents and representatives (collectively, “Foundation Indemnified Parties”), harmless from and against any claims, settlements, judgments, damages, liabilities, losses, costs, expenses or deficiencies, including, but not limited to, reasonable attorneys’ fees and other costs and expenses incident to proceedings or investigations, or the defense or settlement of any claim (“Foundation’s Damages”) arising out of, resulting from or relating to: (a) any inaccuracy in or breach of the representations or warranties of SFHS set forth in this Agreement; (b) any failure to duly perform or observe any term, provision or covenant to be performed or observed by SFHS pursuant to this Agreement or any agreement to be executed by SFHS pursuant to the terms of this Agreement; or (c) any acts, omissions or occurrences relating to the Facilities or the Business from and after the Closing Date (other than those reasonably determined to have occurred or to have been present prior to Closing Date); provided, however, that if any of the items set forth in clause (a), (b) or (c) above occur prior to the Closing Date as a result of SFHS and results in a Material Adverse Event, then SFHS shall become liable to the Three Links Entities for such damages.

13.3 Procedure.

(a) Following the discovery of any facts or conditions which could reasonably be expected to give rise to either SFHS’s Damages or Foundation’s Damages, the Party seeking indemnification under this Agreement (the “Indemnified Party”) shall, within thirty (30) days thereafter, provide written notice to the Party from whom indemnification is sought (the “Indemnifying Party”), specifying the factual basis of the claim in reasonable detail to the extent then known by the Party seeking indemnification; provided that the failure to give such notice in such time period shall not relieve the Indemnifying Party of its obligations except to the extent it can show prejudice from such failure.

(b) If any Indemnified Party receives notice of any matter involving a third party which, if sustained, could give rise to a claim for indemnification hereunder (a “Third Party Claim”), the Indemnified Party shall within the time specified in Section 13.3(a) above, provide written notice to the Indemnifying Party of such matter setting forth with reasonable specificity the facts and circumstances as to which such Party has received notice; provided, however, that the Indemnified Party shall in any event give written notice to the Indemnifying Party within such period of time as shall be reasonably necessary to allow the Indemnifying Party to respond to any pleading or other document for which a timely response is required; provided further, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying
Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party is thereby prejudiced.

(c) Within 60 days after the notice described in Section 13.3(b) above is received from the Indemnified Party, or such shorter period as is required to avoid prejudice in any claim, suit or proceeding, the Indemnifying Party shall have the right to assume and thereafter conduct the defense of the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party; provided, however, that the Indemnifying Party must conduct the defense of the Third Party Claim actively and diligently thereafter in order to preserve its rights in this regard; provided further, however, that the Indemnifying Party may not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed) unless the judgment or proposed settlement involves only the payment of money damages, resolves the claim entirely, and does not impose an injunction or other equitable relief upon the Indemnified Party and for which the Indemnifying Party would be fully indemnified by the Indemnifying Party hereunder (regardless of any limitations set forth herein). The Indemnified Party, at its option and expense, shall have the right to participate in any defense undertaken by the Indemnifying Party with legal counsel of its own selection.

(d) Unless and until the Indemnifying Party assumes the defense of the Third Party Claim as provided in Section 13.3(c) above, the Indemnified Party may defend against the Third Party Claim in any manner it reasonably deem appropriate.

(e) In no event shall the Indemnified Party consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(f) The Indemnified Party and the Indemnifying Party may agree in writing, at any time, as to the existence and amount of a Third Party Claim, and, upon the execution of such agreement, such Third Party Claim shall be deemed established.

(g) The Indemnified Party shall provide all information and assistance reasonably requested by the Indemnifying Party in order to evaluate any Third Party Claim and affect any defense, compromise or settlement thereof.

13.4 Materiality. For the purposes of calculating SFHS’s Damages or Foundation’s Damages under this Article 13 for any breach of any representation, warranty or covenant, any qualification contained in such representation, warranty or covenant using words “material,” “materially” or “material adverse effect” shall be disregarded and deemed not to include such words. However, such modifications or qualifications will have their full effect in determining whether a breach has occurred.

13.5 Limitations on Indemnification. The rights of the Parties under this Article 13 are subject to the following limitations:

(a) The SFHS Indemnified Parties or the Foundation Indemnified Parties shall not be entitled to indemnification under Section 13.1(a) or Section 13.2(a), as
applicable (other than with respect to the Fundamental Representations or except to the extent arising out of, with respect to, or by reason of fraud, intentional misrepresentation or deceit or with respect to any willful breach of any representation or warranty in this Agreement), unless and until the aggregate amount of SFHS’s Damages or Foundation’s Damages, as the case may be, exceeds $114,000.00\(^{15}\) (the “Basket”), at which time the Indemnifying Party shall be liable for the full amount of SFHS’s Damages or Foundation’s Damages, as the case may be, back to the first dollar, disregarding the Basket.

(b) The maximum amount for which the SFHS Indemnified Parties or Foundation shall be entitled to indemnification under Section 13.1(a) or Section 13.2(a), as the case may be (other than with respect to the Fundamental Representations or except to the extent arising out of, with respect to, or by reason of fraud, intentional misrepresentation or deceit or with respect to any willful breach of any representation or warranty in this Agreement) shall not exceed $5,700,000.00\(^{16}\).

(c) Neither the SFHS Indemnified Parties nor the Foundation Indemnified Parties shall be entitled to indemnification for any punitive or consequential damages, except to the extent any such damages are payable to a third party or in connection with any fraud, intentional misconduct, or gross negligence.

13.6 Survival of Indemnifications. The Fundamental Representations shall survive indefinitely and shall not terminate. All other representations and warranties set forth in this Agreement shall survive for a period of thirty-six (36) months from the Closing. The covenants and other agreements of the Parties contained in this Agreement to be performed following the Closing shall survive the Closing in accordance with their terms.

ARTICLE 14
GENERAL PROVISIONS

14.1 Exclusive Dealings. From and after the Execution Date until the earlier to occur of the Closing or the termination of this Agreement pursuant to Article 12:

(a) Each Three Links Entity will not, without the prior consent of SFHS, explore, meet, discuss, negotiate, directly or indirectly, or enter into an agreement with any third party for the purpose of discussing, organizing, formulating, designing, developing, investing in or implementing an arrangement that could lead to a Change of Control involving any of the Three Links Entities. The Three Links Entities will promptly notify SFHS by telephone and thereafter confirm in writing, if any such discussions or negotiations are sought to be initiated with the Three Links Entities or any such proposal or possible proposal is received directly or indirectly by any Three Links Entity. In the event any Three Links Entity or any of its representatives receives an unsolicited offer relating to a type of transaction described above, the Three Links Entities will promptly inform the Person making such unsolicited offer of the existence of the restrictions of

\(^{15}\) Note to Draft: 0.5% of the purchase price.

\(^{16}\) Note to Draft: 25% of the purchase price.
this Section 14.1, but not the other contents of this Agreement, and the Three Links Entities will reject such offer.

(b) The Three Links Entities acknowledge that a breach or threatened breach of this Section 14.1 would cause SFHS to suffer immediate and irreparable harm that could not be fully remedied with the payment of monetary damages. As such, in addition to any other remedies available, SFHS will be entitled to specific performance, preliminary and permanent injunctive relief, and other available equitable remedies to restrain a breach or threatened breach of this Section 13.1 by any Three Links Entity, either pending or following a trial on the merits, and without the need to post bond or other security.

14.2 Survival. Article 1, Article 2, Article 4, Article 13 and Article 14 will survive the Closing and consummation of the Contemplated Transactions, but all other provisions hereof will be extinguished upon the Closing and consummation of the Contemplated Transactions and will not survive such Closing and consummation.

14.3 Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (b) if sent designated for overnight delivery by nationally recognized overnight air courier (such as Federal Express, UPS or DHL), one Business Day after mailing; (c) if sent by facsimile transmission before 5:00 p.m. (sender’s time) and receipt is confirmed through a delivery report; (d) if sent by facsimile transmission after 5:00 p.m. (sender’s time) and receipt is confirmed through a delivery report, on the following Business Day; and (e) if otherwise actually personally delivered, when delivered, provided that such notices, requests, demands and other communications are delivered to the addresses set forth below, or to such other address as any Party will provide by like notice to the other Party:

SFHS: St. Francis Health Services of Morris, Inc.
801 Nevada Avenue
Morris, MN 56267
Attn: Carol Raw, CEO

With a simultaneous copy (not constituting notice) to: Quarles & Brady LLP
411 East Wisconsin Avenue, Suite 2400
Milwaukee, WI 53202-4428
Attn: Nathan Fronk

Three Links: Three Links Care Center
815 Forest Avenue
Northfield, MN 55057
Attn: Jay Pizinger, CEO/CFO

With a simultaneous copy Lathrop GPM LLP

47
14.4 **Entire Agreement; Amendment.** This Agreement, including all Schedules and Exhibits required hereunder, supersedes all previous agreements, oral or written, and constitutes the entire agreement among the Parties respecting the subject matter of this Agreement, and no Party will be entitled to benefits other than those specified herein. Each Exhibit and Schedule referenced in this Agreement will be considered a part hereof as if set forth herein in full. As among the Parties, oral statements or prior written materials that are not specifically incorporated herein will not be of any force and effect. The Parties specifically acknowledge that in entering into and executing this Agreement, the Parties rely solely upon the representations and agreements contained in this Agreement and no others. This Agreement may be amended or modified only by an agreement in writing signed by all Parties.

14.5 **Non-Assignment.** This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors, assigns and legal representatives, but no Party may assign its rights or obligations in this Agreement or delegate its duties under this Agreement to a third party by any means without first obtaining the prior written consent of the other Parties.

14.6 **No Third Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or other third party other than the Parties and their respective successors and permitted assigns.

14.7 **Additional Assurances.** The provisions of this Agreement will be self-operative and will not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, that at the request of a Party, the other Parties will execute such additional instruments and use commercially reasonable efforts to take such additional actions as the requesting Party may deem reasonably necessary to effectuate this Agreement. Additionally, each Party will cooperate and use its commercially reasonable efforts to have its present directors, officers and employees cooperate with the other Parties on and after Closing in furnishing information, evidence, testimony and other assistance in connection with any action, proceeding, arrangement or dispute of any nature with respect to matters pertaining to all periods before Closing in respect of the items subject to this Agreement; provided that each Party will pay the reasonable out of pocket costs incurred by its respective directors, officers and employees.

14.8 **Severability.** In the event any provision of this Agreement is held to be invalid, illegal or unenforceable, in whole or in part, for any reason and in any respect, such invalidity, illegality, or unenforceability will in no event affect, prejudice or disturb the validity of any remaining provision of this Agreement, which will be and remain in full force and effect, and binding and enforceable in accordance with its terms.

14.9 **Applicable Law.** This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Minnesota; provided, however, that the conflicts of law principles of the State of Minnesota will not apply to the extent they would operate to apply the
laws of another state. The Parties hereby consent to the jurisdiction of Minnesota courts over all matters relating to this Agreement.

14.10 **Headings; Cross-References.** Headings of Articles and Sections in this Agreement are solely for convenience or reference, do not constitute a part hereof and will not affect the meaning, construction or effect hereof. Unless indicated otherwise, references in this Agreement to Articles, Sections, Schedules and Exhibits are to articles, sections, schedules and exhibits of this Agreement.

14.11 **Construction.**

(a) Each Party has engaged independent legal counsel and independent advisors to provide advice and guidance to such Party. This Agreement and all documents or instruments delivered pursuant hereto will be construed without regard to the identity of the Person who drafted the various provisions of the same. Each and every provision of this Agreement and such other documents and instruments will be construed as though the Parties participated equally in the drafting of the same. Consequently, any rule of construction that a document is to be construed against the drafting Party will not be applicable to this Agreement.

(b) All references in this Agreement to Sections, Articles, Exhibits, Schedules and attachments will be deemed references to the sections, articles, exhibits, schedules and attachments of this Agreement. No heading or title of any section, article, exhibit, schedule or attachment will be utilized in the interpretation or construction of this Agreement. Words used herein indicating gender will be deemed to include any other gender. The word “including” will be deemed to introduce a non-exhaustive and non-limiting list. Any reference to an agreement or contract will be deemed to include all amendments and modifications thereof.

(c) Unless otherwise agreed in writing by SFHS, when a reference is made to certain documents or information being made available to, or delivered or provided to, SFHS, such documents or information shall be deemed to have been made available, delivered or provided only if they have been (i) received by regular mail, email, flash drive, disk or other electronic transmission by SFHS or its representatives, in each case, at least three Business Days prior to the Execution Date; or (ii) provided to SFHS or its representatives for review during an in-person meeting or site visit.

14.12 **Waiver of Terms.** The failure of any Party to insist, in any one or more instances, on performance of any of the terms, covenants and conditions of this Agreement will not be construed as a waiver or relinquishment of any rights granted hereunder or thereunder or of the future performance of any such term, covenant or condition, but the obligations of the Parties with respect thereto will continue in full force and effect. A waiver by one Party of the performance of any covenant, condition, representation or warranty of the other Party will not invalidate this Agreement, nor will such waiver be construed as a waiver of any other covenant, condition, representation or warranty. A waiver by any Party of the time for performing any act will not constitute a waiver of the time for performing any other act or the time for performing an identical act required to be performed at a later time.
14.13 **Counterparts; Signatures.** This Agreement may be executed in multiple originals, each of which will be considered an original for all purposes and, collectively, will be considered to constitute this Agreement. Signatures transmitted by facsimile or in Portable Document Format (pdf) may be considered an original for all purposes, including the execution of this Agreement and enforcement of this Agreement.

14.14 **Time is of the Essence.** Time is hereby expressly made of the essence with respect to each and every term and provision of this Agreement and any other agreements determined by the Parties to be necessary or appropriate to be entered into in connection with the Contemplated Transactions.

14.15 **Waiver of Trial by Jury.** EACH PARTY HEREBY WAIVES ITS RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING IN CONNECTION WITH ANY MATTER RELATING TO THIS AGREEMENT.

14.16 **Publicity.** Except as otherwise required by Applicable Law, permitted by this Agreement or required to be included in notices to and other filings with Government that are required to effect the Contemplated Transactions, each of the Parties will consult with one another before disclosing to any third-party any terms of this Agreement or the other agreements, documents and instruments delivered by the Parties at the Closing pursuant to this Agreement unless otherwise required by law. The Parties will cooperate in preparing and releasing joint announcements concerning this Agreement and its execution to all appropriate communities, groups and ratings agencies. In addition, the Parties will coordinate the timing and messaging of communications concerning this Agreement to their respective employee and medical staff communities and leadership.

[Remainder of page left intentionally blank]
IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Member Substitution Agreement as of the Execution Date.

**SFHS:**

**ST. FRANCIS HEALTH SERVICES OF MORRIS, INC.**

By: ______________________________
Name: Carol Raw
Title: Chief Executive Officer
IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Member Substitution Agreement as of the Execution Date.

THREE LINKS ENTITIES:

MINNESOTA ODD FELLOWS HOME

By: ______________________________
Name: 
Title:

MINNESOTA ODD FELLOWS HOUSING FOR THE ELDERLY

By: ______________________________
Name: 
Title:

PARK RIDGE HOUSING

By: ______________________________
Name: 
Title:

MILLSTREAM COMMONS, LLC

By: ______________________________
Name: 
Title:

VILLAGES OF LONSDALE, LLC

By: ______________________________
Name: 
Title:

THREE LINKS MANAGEMENT SERVICES, LLC

By: ______________________________
Name: 
Title:

FOUNDATION:

MINNESOTA ODD FELLOWS HOME FOUNDATION

By: ______________________________
Name: 
Title:
EXHIBIT A
AMENDED THREE LINKS GOVERNING DOCUMENTS
EXHIBIT C
AMENDED PARK RIDGE GOVERNING DOCUMENTS
EXHIBIT F
AMENDED MANAGEMENT SERVICES GOVERNING DOCUMENTS
ST. FRANCIS HEALTH SERVICES OF MORRIS, INC.

RESOLUTIONS APPROVING MEMBER SUBSTITUTION AGREEMENT AND RELATED DOCUMENTS AND TRANSACTIONS

At a meeting of the Board of Directors of St. Francis Health Services of Morris, Inc. (the “Corporation”), held on July 25, 2023, the following resolutions approving and authorizing the member substitution transaction between the Corporation and Minnesota Odd Fellows Home, a Minnesota nonprofit corporation (“Three Links”) pursuant to a member substitution agreement (the “Agreement”) among the Corporation, Three Links and Three Links’ corporate members and subsidiaries (collectively, the “Three Links Parties”), were made, seconded, and unanimously approved by the Corporation’s Board of Directors:

WHEREAS, the Agreement contemplates the Corporation replacing all of the existing members of Three Links, with the Corporation becoming the sole member of Three Links; and

WHEREAS, the consideration for the transactions contemplated by the Agreement will be the assumption by the Corporation of the liabilities of Three Links and its affiliates (the “Three Links Entities”), including all outstanding indebtedness; and

WHEREAS, prior to the consummation of the transactions contemplated by the Agreement, Three Links is to be replaced as the sole member of Minnesota Odd Fellows Home Foundation, a Minnesota nonprofit corporation (“Foundation”), and as such Foundation is intended to be excluded from the Three Links Parties; and

WHEREAS, the Agreement contemplates the Corporation and the Three Links Parties (as applicable) entering ancillary documents in connection with the transactions contemplated by the Agreement, as necessary, including, without limitation, an operations transfer agreement through which the Three Links Parties (as applicable), as a registered operators of licensed health care facilities, will transition operational and financial responsibility of such facilities to the Corporation in compliance with applicable law; and

WHEREAS, it is in the best interest of the Corporation to enter into the Agreement, including each ancillary document entered into in connection therewith (collectively, the “Documents”) and pursue the consummation of the transactions contemplated thereby (collectively, the “Transactions”), including, without limitation, the necessary governmental, regulatory and other approvals thereof, and the assumption of all outstanding indebtedness obligations of the Three Links Entities; and

WHEREAS, it is in the best interest of the Corporation to approve the Second Amended and Restated Articles of Incorporation of Three Links in the form attached hereto as Exhibit A (the “Amended and Restated Articles”) including, without limitation, the amendment of the legal entity name of Three Links as contemplated therein, and to approve the Second Amended and Restated Bylaws of Three Links in the form attached hereto as Exhibit B (the “Amended and Restated Bylaws”), as necessary to effect the transactions contemplated by the Agreement, including the form of the amended and restated governing documents of each of the other Three Links Entities substantially in the form presented for review to the Board of Directors, including,
without limitation, the amendment of the legal entity name of such Three Links Entities (as applicable) as contemplated therein (the “Amended and Restated Governing Documents”), each of which shall become effective as of the closing date of the Transactions (the “Effective Time”); and

WHEREAS, effective as of the Effective Time, the existing members of the Board of Trustees or Board of Governors (as applicable) of each of the Three Links Entities intends to resign from their position as a member of the Board of Trustees or Board of Governors (as applicable) of such Three Links Entity, as evidenced by an executed resignation to be delivered by such individuals in connection with the closing of the Transactions.

WHEREAS, effective immediately following the Effective Time, the following individuals are hereby duly elected to serve as the members of the Board of Trustees or Board of Governors (as applicable) for each of the Three Links Entities (collectively, the “Board Appointees”):

Jennifer Goodnough
Patrick Nelson
Lorraine Wiese
Carol Raw

NOW, THEREFORE, BE IT RESOLVED:

1. Each of the Documents and the Transactions are authorized and approved.

2. The Chief Executive Officer, President or Chief Financial Officer or any of them (collectively, the “Officers”) are hereby authorized to execute, deliver, and perform the Documents and all other documents which, in that Officer’s judgment, are necessary or desirable to cause the Transactions to be completed and to otherwise carry out the intent of these resolutions. Any of the Officers, acting alone or together, are hereby further authorized, on behalf of the Corporation, to negotiate, execute, and deliver any and all other documents, amendments, and instruments, and to take any and all actions, necessary and desirable in furtherance of the Documents, the Transactions, and the transactions contemplated thereby.

3. The Amended and Restated Articles, the Amended and Restated Bylaws, and the Amended and Restated Governing Documents are hereby approved and affirmed in all respects;

4. Effective as of the Effective Time, each member of the Board of Trustees or Board of Governors (as applicable) of the Three Links Entities shall resign from their position as a member of the Board of Trustees or Board of Governors (as applicable) of the Three Links Entities.

5. Immediately following the Effective Time: (i) the Board Appointees shall serve as the members of the Board of Trustees or Board of Governors (as applicable) of the Three Links Entities; and (ii) each of the Board Appointees shall be authorized, empowered and directed to take any and all actions they may deem necessary or appropriate in connection with such appointment to the Board of Trustees or Board of Governors (as applicable) of the Three Links Entities.
6. All actions previously taken, and any documents previously executed and delivered on behalf of the Corporation, in furtherance of the Transactions or the Documents are hereby ratified and confirmed.

7. To the extent these resolutions are inconsistent with prior resolutions of the Board of Directors of the Corporation, these resolutions supersede those prior resolutions.

[Signature page follows.]
Dated: July 25, 2023

Carol Raw, Chief Executive Officer and President

Jennifer Goodnough, Board Chair

Lori Wiese, Secretary
EXHIBIT A

AMENDED AND RESTATED ARTICLES

(See attached.)
EXHIBIT B

AMENDED AND RESTATED BYLAWS

(See attached.)
SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION OF MINNESOTA ODD FELLOWS HOME

The Board of Trustees of Minnesota Odd Fellows Home (the “corporation”), a Minnesota nonprofit corporation, hereby files the following Second Amended and Restated Articles of Incorporation (the “Articles”). These Articles were approved and adopted in accordance with Sections 317A.133 and 317A.139 of the Minnesota Statutes. These Articles supersede and take the place of the corporation’s existing Articles of Incorporation.

ARTICLE I.

The name of the corporation shall be:

THREE LINKS HEALTH SERVICES

ARTICLE II.

This corporation is organized and shall be operated exclusively for charitable purposes, as contemplated and permitted by Section 170(c)(2) and 501(c)(3) of the Internal Revenue Code, and any successor sections. The specific and primary purposes of this corporation shall be to engage in and conduct charitable, educational and health services for the benefit of the community, the public, and St. Francis Health Services of Morris, Inc. (“SFHS”), which is a Minnesota nonprofit corporation organized and operated exclusively for charitable purposes, and exempt from federal income taxes under the Internal Revenue Code as a charitable organization.
Within the limitations of these purposes, this corporation shall have all general lawful purposes, including but not limited to general business purposes, provided, however, that this corporation shall not engage in any activities or exercise any powers that are not consistent with and in furtherance of the primary purposes of this corporation, nor shall engage in any activities or exercise any powers not within the contemplation of Section 170(c)(2), 501(c)(3) and 509 (a)(3) of the Internal Revenue Code, or any successor statute.

ARTICLE III.

This corporation shall not, incidentally or otherwise, afford or pay any pecuniary gain, or remuneration to, its members as such, and no part of the net income or net earnings of this corporation shall, directly or indirectly, inure to the benefit of any private shareholder or individual. The corporation shall not carry on propaganda or otherwise attempt to influence legislation to such extent as would result in the loss of Federal Income Tax Exemption as is claimed in Article II above. The corporation shall not participate in nor intervene in (including the publication or distributing of statements) any political campaign on behalf of any candidate for public office.

ARTICLE IV.

The duration of the corporation shall be perpetual.
ARTICLE V.

The registered office of this corporation shall be at 815 Forest Avenue, Northfield, Minnesota 55057.

ARTICLE VI.

The management of the business and affairs of this corporation shall be vested in a Board of Trustees. The number of trustees of the corporation, the length of their terms and other provisions with respect to trustees may be changed in accordance with by-laws of this corporation.

The members of the Board of Trustees, identified by name, address, and length of term, shall be as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>TERM EXPIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jennifer Goodnough</td>
<td>901 Park Ave. Morris, MN 56267</td>
<td>12/31/24</td>
</tr>
<tr>
<td>Patrick Nelson</td>
<td>18704 Cnty Rd 22, Glenwood, MN</td>
<td>12/31/23</td>
</tr>
<tr>
<td>Lorraine Wiese</td>
<td>252 S. Columbia Ave., Morris, MN</td>
<td>12/31/25</td>
</tr>
<tr>
<td>Carol Raw</td>
<td>801 Nevada Ave., Morris, MN 56267</td>
<td>ex-officio</td>
</tr>
</tbody>
</table>

SFHS CEO/President

The number, qualifications, method of election, terms of office, and such other provisions with respect to trustees as are not inconsistent with the express provisions of these Articles shall be as provided in the by-laws of the corporation.
ARTICLE VIII.

The sole member of the corporation shall be SFHS. The different classes of membership, qualifications, and voting privileges may be set forth in the by-laws.

ARTICLE IX.

The trustees, officers and members of this corporation shall not be personally liable to any extent whatsoever for obligations, errors, omissions, torts or contracts of the corporation, subject to the limitations of Minnesota Statutes, s317.201.

ARTICLE X.

This corporation shall have no capital stock.

ARTICLE XI.

This corporation may be dissolved according to the laws of the State of Minnesota. Upon dissolution, all properties, monies, and assets shall be transferred exclusively to and become the property of St. Francis Health Services of Morris, Inc., provided that said St. Francis Health Services of Morris, Inc. shall at that time qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code, or its successor statute. If the above-named corporation is no longer in existence or no longer qualified to receive tax-exempt distributions from this corporation, then all such properties, monies and assets shall be distributed to such other funds, foundations, or corporations as are selected by the Board of Trustees and qualified as an exempt organization under Section 501(c)(3) or its successor statute.

ARTICLE XII.

These Articles may be amended in the manner prescribed by the Minnesota Nonprofit Corporation Act.
These Articles hereby replace and supersede all previous Articles of Incorporation on file with the Secretary of State.

IN TESTIMONY WHEREOF, we have hereunto set our hands this _____________
day of ______________________, 20______.

____________________________________________
Chairperson

____________________________________________
Secretary
SECOND AMENDED AND RESTATED BY-LAWS
OF
THREE LINKS HEALTH SERVICES (FKA MINNESOTA ODD FELLOWS HOME)

SECTION 1

OFFICES

1.1 Registered Office. The registered office of Three Links Health Services (fka Minnesota Odd Fellows Home), a Minnesota nonprofit corporation (the “Corporation”) shall be set forth in the Articles of Incorporation of the Corporation (as amended).

SECTION 2

MEMBERS AND STOCK

2.1 The sole member of the Corporation shall be St. Francis Health Services of Morris, Inc. (“SFHS”).

2.2 There is no capital stock.

SECTION 3

BOARD OF TRUSTEES

3.1 Governing Powers. The Board of Trustees shall have all the powers and duties necessary or appropriate for the administration of the affairs of the Corporation except as may be specifically restricted within these By-Laws.

3.2 Number. Except for the additional ex-officio member provided for at 3.2.1 below, the trustees shall be the same as the SFHS Board of Directors and equal to the number of board members of the SFHS Board of Directors as from time to time constituted pursuant to the governing documents of SFHS.

3.2.1 President/CEO of SFHS as ex officio member. In addition to the trustees provided for in 3.2 above, the President/CEO of SFHS shall serve on the Board of Trustees of this Corporation as an ex-officio member (by reason of status as President/CEO of SFHS).

3.3 Appointment. All trustees shall be appointed by the Board of Directors of SFHS and shall consist of the entire SFHS Board of Directors membership.

3.4 Compensation. No compensation shall be paid to trustees for their services as trustees, unless expressly authorized. Trustees may be reimbursed for actual expenses incurred by them in the performance of their duties as trustees.
Nothing herein contained shall be construed to preclude any trustee from serving the Corporation in any other capacity and receiving appropriate compensation therefore.

3.5 Regular Meetings. Regular meetings may be held at a place and time as directed by the Chairperson. At least one (1) regular meeting shall be held during each calendar year to elect officers and transact such other business of the Corporation as may properly come before the Board. Notice of regular meetings of the Board of Trustees shall be given to each trustee, personally by mail or telephone, at least three (3) days prior to the date named for such meeting.

3.6 Special Meetings. Special meetings of the Board of Trustees may be called by the Chairman on three (3) days notice to each trustee, given personally by mail or telephone, which notice shall state the time and place of the meeting.

3.7 Quorum. At all meetings of the Board of Trustees, a simple majority of trustees shall constitute a quorum for the transaction of business, and the acts of the trustees present at a meeting at which a quorum is present shall be the acts of the Board of Trustees, except where a larger number is required by law, the Articles of Incorporation, or these By-Laws.

3.8 Board Action. The Board of Trustees shall take action only by the affirmative vote of a majority of the trustees present at a duly held meeting, except where the Articles of Incorporation or By-Laws of the Corporation or the laws of the State of Minnesota require a larger proportion or number.

3.9 Conduct of Meetings. Meetings of the Board of Trustees shall be conducted in accordance with SFHS Governance Board Policy. The Chairman, if present, or if not present, the Vice Chairman, shall preside at all meetings of the Board and, in the absence of such officers, the President shall act as presiding officer of the meeting.

3.10 Proxies. Proxies shall not be allowed or used by trustees.

SECTION 4

OFFICERS

4.1 Delegation. Except as may be prohibited by these By-Laws or by Board resolution, an officer may, without Board approval, delegate some or all of such officer’s duties and powers to other qualified person(s). An officer who delegates the duties or powers of an office remains subject to the standard of conduct for an officer imposed by law with respect to the discharge of all duties and powers so delegated.

4.2 Contract Rights. Any officer or trustee may contract to serve the corporation in a paid or unpaid capacity as consultant or in some other capacity. The election or appointment of a person as an officer or agent of the Corporation
shall not, of itself, create contract rights. The Corporation may enter into a contract with an officer or agent for a period of time if, in the judgment of the Board of Trustees, such contract is in the Corporation’s best interests. The fact that a contract may be for a term longer than the terms of the election or appointment of an officer, or for a term longer than the terms of the trustees who authorize or approved the contract, shall not make the contract void or voidable.

A. Officers of the Board

4A.1 Designation. The principal officers of the Board of Trustees shall be the Chairperson, the Vice Chairperson, and the Secretary/Treasurer. The identity of the officers of the Board of Trustees shall be those individuals who are serving in the same capacity as officers of the Board of Directors of SFHS.

B. Corporate Officers

4B.1 Designation. The principal officer of the Corporation shall be the President.

4B.2 Appointment/Election of Officers. The President of the Corporation shall be the Vice President of Senior Services of SFHS.

4B.3 President. The President shall have the duties enumerated in Minn. Stat. 317A.305 Subd. 2 (1) and (3) through (6) and, when neither the Chairman nor Vice Chairman is present, those duties enumerated in Minn. Stat. 317A.305 Subd. 2 (2).

4B.5 Resignation. A corporate officer may resign at any time by giving written notice to the President/CEO of SFHS. The resignation is effective without acceptance when the notice is given, unless a later effective date is specified in the notice.

4B.6 Removal. A corporate officer may be removed by a resolution approved by the majority of the Board of Trustees.

SECTION 5

COMMITTEES

5.1 Appointment. The committees of the Board of Trustees shall be standing or special, and all committee appointments shall be appointed by the Chairperson of the Board. The Chairperson and President shall serve ex officio on all committees.

5.2 Advisory Committee. The Advisory Committee shall be composed of at least five (5) individuals appointed by the Chairman that reside within the geographical area served by the corporation. The Management Agent and the
President of the Corporation will also serve on the Advisory Committee. This Advisory Committee shall be governed by such policies as may, from time to time, be adopted by the Board of Trustees.

5.3 Operations Committee. The Board of Trustees shall establish an Operations Committee comprised of not more than five (5) of its members. The President of the Corporation, or the President’s designee, shall be an ex officio member of the Operations Committee. At all meetings of the Operations Committee, a simple majority of members shall constitute a quorum for the transaction of business, and the acts of the members present at a meeting at which a quorum is present shall be the acts of the Operations Committee. The Operations Committee shall take action only by the affirmative vote of a majority of the trustees present at a duly held meeting. The Operations Committee shall be delegated general governance authority of the Corporation, including the power to contractually bind the Corporation on all matters, exclusive only of:

5.3.1 Incurrence of debt in an original principal amount in excess of a sum as from time to time established by the Board of Directors of SFHS.

5.3.2 The sale or other disposition of substantially all of the assets of the corporation.

5.3.3 Entry into a merger or divisive reorganization.

5.4 Special Committees. Special Committees may be appointed by the Chairperson with the concurrence of the Board of Trustees, for such special tasks as circumstances may warrant.

SECTION 6
FISCAL MANAGEMENT

6.1 Fiscal Year. The Fiscal Year of the Corporation shall be in accordance with the SFHS Governance Board Policy.

6.2 Books and Records. The Corporation shall keep at its registered office correct and complete books of account and minutes of proceedings of meetings of the Board of Trustees and committees having any of the authority of the Board. Members of the Board of Trustees may inspect all books and records for any proper purpose at any reasonable time.

6.3 Financial Statements. Upon direction of SFHS, the books and records of the Corporation shall be audited and the officers of the Corporation shall cause to be prepared at least annually a full and correct statement of the financial affairs of the Corporation, including financial statements for the preceding fiscal year, all
in accordance with generally accepted accounting principles. Independently audited results of the fiscal year end audit shall be provided to the Board of Trustees. Current financial statements shall be presented to the Board at each meeting.

6.4 Execution of Corporation Documents. With the authorization of the Board, all notes and contracts shall be executed on behalf of the Corporation by the President, or any other parties designated by appropriate resolution of the Board. All checks and other drafts shall be executed on behalf of the Corporation by the Treasurer or other parties designated by appropriate resolution of the Board.

6.5 Fidelity Bonds. SFHS shall provide fidelity bond coverage for officers and employees of the Corporation having custody or control of the corporate funds.

6.6 Indemnification. To the extent permitted by Minnesota law, the Corporation shall protect, defend, indemnify and hold harmless any and all persons who may serve or who have served at any time as trustees, officers, employees, Members of the Advisory Committee, or who at the request of the Board of Trustees may serve or at any time have served as trustees, officers or employees of another corporation in which the Corporation at such time had or has an ownership interest or of which it was or may be a creditor, and their respective heirs, legal representatives, and assigns, against any and all expenses, including amounts paid upon judgments, and in settlement, before or after litigation is commenced, attorney’s fees actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or which may be asserted against them, or any of them, by reason of being or having been trustees, officers, members of the Advisory Committee, or employees of the Corporation or of such other corporation, and having acted in good faith, except in relation to matters as to which any such persons shall be adjudged in any action, suit, or proceeding to be liable for his or her own willful misconduct or for receiving an improper personal benefit in the performance of his or her duty. The rights herein granted shall be in addition to any other rights to which those so benefited may be entitled by agreement, by law, by these By-Laws, or otherwise.

SECTION 7

AMENDMENTS

7.1 By Board Action. SFHS may amend, alter, restate, or repeal, and new By-Laws may be adopted.
The undersigned, Secretary of Three Links Health Services, hereby certifies that the foregoing By-Laws were adopted as the complete By-Laws of the Corporation.

Secretary: ___________________________

Attest: ____________________________

Date: ______________________________

AMENDMENTS:
SECOND AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
MINNESOTA ODD FELLOWS HOUSING FOR THE ELDERLY

The Board of Trustees of Minnesota Odd Fellows Housing for the Elderly (the “corporation”), a Minnesota nonprofit corporation, hereby files the following Second Amended and Restated Articles of Incorporation (the “Articles”). These Articles were approved and adopted in accordance with Sections 317A.133 and 317A.139 of the Minnesota Statutes. These Articles supersede and take the place of the corporation’s existing Articles of Incorporation.

ARTICLE I.

The name of the corporation shall be:

THREE LINKS APARTMENTS

ARTICLE II.

This corporation is organized and shall be operated exclusively for charitable purposes, as contemplated and permitted by Section 170(c)(2) and 501(c)(3) of the Internal Revenue Code, and any successor sections. The specific and primary purposes of this corporation shall be to engage in and conduct charitable, educational and health services for the benefit of the community, the public, and St. Francis Health Services of Morris, Inc. (“SFHS”), which is a Minnesota nonprofit corporation organized and operated exclusively for charitable purposes, and exempt from federal income taxes under the Internal Revenue Code as a charitable organization.
Within the limitations of these purposes, this corporation shall have all general lawful purposes, including but not limited to general business purposes, provided, however, that this corporation shall not engage in any activities or exercise any powers that are not consistent with and in furtherance of the primary purposes of this corporation, nor shall engage in any activities or exercise any powers not within the contemplation of Section 170(c)(2), 501(c)(3) and 509 (a)(3) of the Internal Revenue Code, or any successor statute.

ARTICLE III.

This corporation shall not, incidentally or otherwise, afford or pay any pecuniary gain, or remuneration to, its members as such, and no part of the net income or net earnings of this corporation shall, directly or indirectly, inure to the benefit of any private shareholder or individual. The corporation shall not carry on propaganda or otherwise attempt to influence legislation to such extent as would result in the loss of Federal Income Tax Exemption as is claimed in Article II above. The corporation shall not participate in nor intervene in (including the publication or distributing of statements) any political campaign on behalf of any candidate for public office.

ARTICLE IV.

The duration of the corporation shall be perpetual.

ARTICLE V.

The registered office of this corporation shall be at 815 Forest Avenue, Northfield, Minnesota 55057.
ARTICLE VI.

The management of the business and affairs of this corporation shall be vested in a Board of Trustees. The number of trustees of the corporation, the length of their terms and other provisions with respect to trustees may be changed in accordance with by-laws of this corporation.

The members of the Board of Trustees, identified by name, address, and length of term, shall be as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>TERM EXPIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jennifer Goodnough</td>
<td>901 Park Ave. Morris, MN 56267</td>
<td>12/31/24</td>
</tr>
<tr>
<td>Patrick Nelson</td>
<td>18704 Cnty Rd 22, Glenwood, MN</td>
<td>12/31/23</td>
</tr>
<tr>
<td>Lorraine Wiese</td>
<td>252 S. Columbia Ave., Morris, MN</td>
<td>12/31/25</td>
</tr>
<tr>
<td>Carol Raw</td>
<td>801 Nevada Ave., Morris, MN 56267</td>
<td></td>
</tr>
<tr>
<td>Cami Peterson-DeVries</td>
<td>801 Nevada Ave., Morris, MN 56267</td>
<td>President of the Corporation</td>
</tr>
</tbody>
</table>

The number, qualifications, method of election, terms of office, and such other provisions with respect to trustees as are not inconsistent with the express provisions of these Articles shall be as provided in the by-laws of the corporation.

ARTICLE VIII.

The sole member of the corporation shall be Three Links Health Services, a Minnesota nonprofit corporation.

ARTICLE IX.

The trustees, officers and members of this corporation shall not be personally liable to any extent whatsoever for obligations, errors, omissions, torts or contracts of the
corporation, subject to the limitations of Minnesota Statutes, s317.201.

ARTICLE X.

This corporation shall have no capital stock.

ARTICLE XI.

This corporation may be dissolved according to the laws of the State of Minnesota. Upon dissolution, all properties, monies, and assets shall be transferred exclusively to and become the property of St. Francis Health Services of Morris, Inc., provided that said St. Francis Health Services of Morris, Inc. shall at that time qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code, or its successor statute. If the above-named corporation is no longer in existence or no longer qualified to receive tax-exempt distributions from this corporation, then all such properties, monies and assets shall be distributed to such other funds, foundations, or corporations as are selected by the Board of Trustees and qualified as an exempt organization under Section 501(c)(3) or its successor statute.

ARTICLE XII.

These Articles may be amended in the manner prescribed by the Minnesota Nonprofit Corporation Act.

These Articles hereby replace and supersede all previous Articles of Incorporation on file with the Secretary of State.
IN TESTIMONY WHEREOF, we have hereunto set our hands this ____________
day of ______________________, 20______.

____________________________________________
Chairperson

____________________________________________
Secretary
SECOND AMENDED AND RESTATED BY-LAWS
OF
THREE LINKS APARTMENTS (FKA MINNESOTA ODD FELLOWS
HOUSING FOR THE ELDERLY)

SECTION 1

OFFICES

1.1 Registered Office. The registered office of Three Links Apartments (fka Minnesota Odd Fellows Housing for the Elderly), a Minnesota nonprofit corporation (the “Corporation”) shall be set forth in the Articles of Incorporation of the Corporation (as amended).

SECTION 2

MEMBERS AND STOCK

2.1 The sole member of the Corporation shall be Three Links Health Services.

2.2 There is no capital stock.

SECTION 3

BOARD OF TRUSTEES

3.1 Governing Powers. The Board of Trustees shall have all the powers and duties necessary or appropriate for the administration of the affairs of the Corporation except as may be specifically restricted within these By-Laws.

3.2 Number. Except for the additional ex-officio member provided for at 3.2.1 below, the trustees shall be the same as the Three Links Health Services Board of Trustees and equal to the number of board members of the Three Links Health Services Board of Trustees as from time to time constituted pursuant to the governing documents of Three Links Health Services.

3.2.1 President of Three Links Health Services as ex officio member. In addition to the trustees provided for in 3.2 above, the President of Three Links Health Services shall serve on the Board of Trustees of this Corporation as an ex-officio member (by reason of status as President of Three Links Health Services and Vice President of Senior Services of St. Francis Health Services of Morris, Inc.).

3.3 Appointment. All trustees shall be appointed by the Board of Trustees of Three Links Health Services and shall consist of the entire Three Links Health Services Board of Trustees membership.
3.4 **Compensation.** No compensation shall be paid to trustees for their services as trustees, unless expressly authorized. Trustees may be reimbursed for actual expenses incurred by them in the performance of their duties as trustees. All arrangements between the Corporation and an officer or Director of either the Corporation or the member (or an entity owned by such person) shall be subject to compliance with the HUD conflict of interest regulations at 24 C.F.R. § 891.130. Nothing contained herein shall be construed to preclude any trustee from serving the Corporation in any other capacity and receiving appropriate compensation therefore.

3.5 **Regular Meetings.** Regular meetings may be held at a place and time as directed by the Chairperson. At least one (1) regular meeting shall be held during each calendar year to elect officers and transact such other business of the Corporation as may properly come before the Board. Notice of regular meetings of the Board of Trustees shall be given to each trustee, personally by mail or telephone, at least three (3) days prior to the date named for such meeting.

3.6 **Special Meetings.** Special meetings of the Board of Trustees may be called by the Chairman on three (3) days notice to each trustee, given personally by mail or telephone, which notice shall state the time and place of the meeting.

3.7 **Quorum.** At all meetings of the Board of Trustees, a simple majority of trustees shall constitute a quorum for the transaction of business, and the acts of the trustees present at a meeting at which a quorum is present shall be the acts of the Board of Trustees, except where a larger number is required by law, the Articles of Incorporation, or these By-Laws.

3.8 **Board Action.** The Board of Trustees shall take action only by the affirmative vote of a majority of the trustees present at a duly held meeting, except where the Articles of Incorporation or By-Laws of the Corporation or the laws of the State of Minnesota require a larger proportion or number.

3.9 **Conduct of Meetings.** Meetings of the Board of Trustees shall be conducted in accordance with St. Francis Health Services Governance Board Policy. The Chairman, if present, or if not present, the Vice Chairman, shall preside at all meetings of the Board and, in the absence of such officers, the President shall act as presiding officer of the meeting.

3.10 **Proxies.** Proxies shall not be allowed or used by trustees.

**SECTION 4**

**OFFICERS**

4.1 **Delegation.** Except as may be prohibited by these By-Laws or by Board resolution, an officer may, without Board approval, delegate some or all of
such officer's duties and powers to other qualified person(s). An officer who delegates the duties or powers of an office remains subject to the standard of conduct for an officer imposed by law with respect to the discharge of all duties and powers so delegated.

4.2 Contract Rights. Any officer or trustee may contract to serve the corporation in a paid or unpaid capacity as consultant or in some other capacity. The election or appointment of a person as an officer or agent of the Corporation shall not, of itself, create contract rights. The Corporation may enter into a contract with an officer or agent for a period of time if, in the judgment of the Board of Trustees, such contract is in the Corporation's best interests. The fact that a contract may be for a term longer than the terms of the election or appointment of an officer, or for a term longer than the terms of the trustees who authorize or approved the contract, shall not make the contract void or voidable.

A. Officers of the Board

4A.1 Designation. The principal officers of the Board of Trustees shall be the Chairperson, the Vice Chairperson, and the Secretary/Treasurer. The identity of the officers of the Board of Trustees shall be those individuals who are serving in the same capacity as officers of the Board of Trustees of Three Links Health Services.

B. Corporate Officers

4B.1 Designation. The principal officer of the Corporation shall be the President.

4B.2 Appointment/Election of Officers. The President of the Corporation shall be the Vice President of Senior Services of St. Francis Health Services of Morris, Inc.

4B.3 President. The President shall have the duties enumerated in Minn. Stat. 317A.305 Subd. 2 (1) and (3) through (6) and, when neither the Chairman nor Vice Chairman is present, those duties enumerated in Minn. Stat. 317A.305 Subd. 2 (2).

4B.5 Resignation. A corporate officer may resign at any time by giving written notice to the President/CEO of St. Francis Health Services of Morris, Inc. The resignation is effective without acceptance when the notice is given, unless a later effective date is specified in the notice.

4B.6 Removal. A corporate officer may be removed by a resolution approved by the majority of the Board of Trustees.
SECTION 5

COMMITTEES

5.1 Appointment. The committees of the Board of Trustees shall be standing or special, and all committee appointments shall be appointed by the Chairperson of the Board. The Chairperson and President shall serve ex officio on all committees.

5.2 Advisory Committee. The Advisory Committee shall be composed of at least five (5) individuals appointed by the Chairman that reside within the geographical area served by the corporation. The Management Agent and the President of the Corporation will also serve on the Advisory Committee. This Advisory Committee shall be governed by such policies as may, from time to time, be adopted by the Board of Trustees.

5.3 Operations Committee. The Board of Trustees shall establish an Operations Committee comprised of not more than five (5) of its members. The President of the Corporation, or the President’s designee, shall be an ex officio member of the Operations Committee. At all meetings of the Operations Committee, a simple majority of members shall constitute a quorum for the transaction of business, and the acts of the members present at a meeting at which a quorum is present shall be the acts of the Operations Committee. The Operations Committee shall take action only by the affirmative vote of a majority of the trustees present at a duly held meeting. The Operations Committee shall be delegated general governance authority of the Corporation, including the power to contractually bind the Corporation on all matters, exclusive only of:

5.3.1 Incurrence of debt in an original principal amount in excess of a sum as from time to time established by the Board of Trustees of Three Links Health Services.

5.3.2 The sale or other disposition of substantially all of the assets of the corporation.

5.3.3 Entry into a merger or divisive reorganization.

5.4 Special Committees. Special Committees may be appointed by the Chairperson with the concurrence of the Board of Trustees, for such special tasks as circumstances may warrant.
SECTION 6

FISCAL MANAGEMENT

6.1 Fiscal Year. The Fiscal Year of the Corporation shall be in accordance with the St. Francis Health Services of Morris, Inc. Governance Board Policy.

6.2 Books and Records. The Corporation shall keep at its registered office correct and complete books of account and minutes of proceedings of meetings of the Board of Trustees and committees having any of the authority of the Board. Members of the Board of Trustees may inspect all books and records for any proper purpose at any reasonable time.

6.3 Financial Statements. Upon direction of Three Links Health Services, the books and records of the Corporation shall be audited and the officers of the Corporation shall cause to be prepared at least annually a full and correct statement of the financial affairs of the Corporation, including financial statements for the preceding fiscal year, all in accordance with generally accepted accounting principles. Independently audited results of the fiscal year end audit shall be provided to the Board of Trustees. Current financial statements shall be presented to the Board at each meeting.

6.4 Execution of Corporation Documents. With the authorization of the Board, all notes and contracts shall be executed on behalf of the Corporation by the President, or any other parties designated by appropriate resolution of the Board. All checks and other drafts shall be executed on behalf of the Corporation by the Treasurer or other parties designated by appropriate resolution of the Board.

6.5 Fidelity Bonds. Three Links Health Services shall provide fidelity bond coverage for officers and employees of the Corporation having custody or control of the corporate funds.

6.6 Indemnification. To the extent permitted by Minnesota law, the Corporation shall protect, defend, indemnify and hold harmless any and all persons who may serve or who have served at any time as trustees, officers, employees, Members of the Advisory Committee, or who at the request of the Board of Trustees may serve or any time have served as trustees, officers or employees of another corporation in which the Corporation at such time had or has an ownership interest or of which it was or may be a creditor, and their respective heirs, legal representatives, and assigns, against any and all expenses, including amounts paid upon judgments, and in settlement, before or after litigation is commenced, attorney's fees actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or which may be asserted against them, or any of them, by reason of being or having been trustees, officers, members of the Advisory Committee, or employees of the Corporation or of such other corporation, and having acted in good faith, except in relation to matters as to which any such
persons shall be adjudged in any action, suit, or proceeding to be liable for his or her own willful misconduct or for receiving an improper personal benefit in the performance of his or her duty. The rights herein granted shall be in addition to any other rights to which those so benefited may be entitled by agreement, by law, by these By-Laws, or otherwise.

SECTION 7

HUD PROVISIONS

7.1 HUD-Required Provisions. Notwithstanding any clause or provision in the Corporation’s Articles of Incorporation or these Bylaws to the contrary and so long as the United States Department of Housing and Urban Development (“HUD”) or a successor or assign of HUD is the insurer or holder of a loan to the Corporation (the “HUD-Insured Loan”) secured by the mortgage on Three Links Apartments, Project Number 092-11421, in Northfield, Rice County, Minnesota (the “Project”) the following provisions shall apply:

(1) If any of the provisions of the organizational documents conflict with the terms of HUD-insured Note, Security Instrument, or HUD Regulatory Agreement (“HUD Loan Documents”), the provisions of the HUD Loan Documents shall control.

(2) No provision required by HUD to be inserted into the organizational documents may be amended without HUD’s prior written approval. Additionally, if there is a conflict between any HUD-required provisions inserted into these Bylaws and any other provision of these Bylaws, the terms of the HUD-required provisions will govern; and if there is a conflict between any of the provisions in the Articles of Incorporation and any HUD-required provisions of these Bylaws, the HUD-required provisions will govern.

(3) Unless otherwise approved in writing by HUD, the Corporation’s business and purpose shall consist solely of the acquisition, ownership, operation and maintenance of the Project and activities incidental thereto. Borrower shall not engage in any other business or activity. The Project shall be the sole asset of the Corporation, which shall not own any other real estate other than the aforesaid Project.

(4) None of the following will have any force or effect without the prior written consent of HUD:

(a) Any amendment that modifies the term of the Corporation’s existence;

(b) Any amendment that triggers application of the HUD previous participation certification requirements (as set forth in Form HUD-2530, Previous Participation Certification, or 24 CFR § 200.210 et seq.);
(c) Any amendment that in any way affects the HUD Loan Documents;

(d) Any amendment that would authorize any member, partner, owner, officer or Director, other than the one previously authorized by HUD, to bind the Corporation for all matters concerning the Project which require HUD’s consent or approval;

(e) A change that is subject to the HUD TPA requirements contained in Chapter 13 of HUD Handbook 4350.1 REV-1; or

(f) Any change in a guarantor of any obligation to HUD (including those obligations arising from violations of the Regulatory Agreement).

(5) The Corporation is authorized to execute a Note and Security Instrument in order to secure a loan to be insured by HUD and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-Insured Loan.

(6) Any incoming member of the Corporation must as a condition of receiving an interest in the Corporation agree to be bound by the HUD Loan Documents and all other documents required in connection with the HUD-Insured Loan to the same extent and on the same terms as the other members.

(7) Upon any dissolution, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person or entity that is not bound by the Regulatory Agreement in a manner satisfactory to HUD.

(8) The key principals of the Corporation identified in the Regulatory Agreement are liable in their individual capacities to HUD to the extent set forth in the Regulatory Agreement.

(9) The Corporation shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD.

(10) The Corporation has designated an official representative for all matters concerning the Project that require HUD consent or approval. The signature of this representative will bind the Corporation in all such matters. The Corporation may from time to time appoint a new representative to perform this function, but within three business days of doing so, will provide HUD with written notification of the name, address, and telephone number of its new representative. When a new representative is given full or partial authority with respect to the management of the Project, the Corporation will promptly provide HUD with the name of that person and the nature of that person’s management authority.

(11) Notwithstanding any provision in these Bylaws to the contrary, any
obligation of the Corporation to provide indemnification under these Bylaws shall be limited to (i) amounts mandated by state law, if any, (ii) coverage afforded under any liability insurance carried by the Corporation, and (iii) available “surplus cash” of the Corporation as defined in the Regulatory Agreement. Until funds from a permitted source for payment of indemnification costs are available for payment, the Corporation shall not (a) pay funds to any members, partners, officers and Directors, or (b) pay the deductible on an indemnification policy for any members, partners, officers and Directors.

7.2 Termination of HUD-Required Provisions. The provisions of this Section 7 shall terminate and be of no further force and effect when HUD or a successor or assign of HUD is no longer the insurer or holder of the HUD-Insured Loan secured by the mortgage on the Project.

SECTION 8

AMENDMENTS

8.1 By Board Action. Three Links Health Services may amend, alter, restate, or repeal, and new By-Laws may be adopted, provided that such amendments are not inconsistent with Section 202 of the Housing Act of 1959, as amended, HUD’s regulations thereunder, or the provisions of the Articles of Incorporation or the Regulatory Agreement between the Corporation and HUD.

The undersigned, Secretary of Three Links Apartments, hereby certifies that the foregoing By-Laws were adopted as the complete By-Laws of the Corporation.

Secretary: _______________________________

Attest: ________________________________

Date: ________________________________

AMENDMENTS:
SECOND AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
PARK RIDGE HOUSING

The Board of Trustees of Park Ridge Housing (the “corporation”), a Minnesota
nonprofit corporation, hereby files the following Second Amended and Restated Articles
of Incorporation (the “Articles”). These Articles were approved and adopted in accordance
with Sections 317A.133 and 317A.139 of the Minnesota Statutes. These Articles
supersede and take the place of the corporation’s existing Articles of Incorporation.

ARTICLE I.

The name of the corporation shall be:

PARK RIDGE APARTMENTS

ARTICLE II.

This corporation is organized and shall be operated exclusively for charitable
purposes, as contemplated and permitted by Section 170(c)(2) and 501(c)(3) of the
Internal Revenue Code, and any successor sections. The specific and primary purposes
of this corporation shall be to engage in and conduct charitable, educational and health
services for the benefit of the community, the public, and St. Francis Health Services of
Morris, Inc. (“SFHS”), which is a Minnesota nonprofit corporation organized and operated
exclusively for charitable purposes, and exempt from federal income taxes under the
Internal Revenue Code as a charitable organization.
Within the limitations of these purposes, this corporation shall have all general lawful purposes, including but not limited to general business purposes, provided, however, that this corporation shall not engage in any activities or exercise any powers that are not consistent with and in furtherance of the primary purposes of this corporation, nor shall engage in any activities or exercise any powers not within the contemplation of Section 170(c)(2), 501(c)(3) and 509 (a)(3) of the Internal Revenue Code, or any successor statute.

ARTICLE III.

This corporation shall not, incidentally or otherwise, afford or pay any pecuniary gain, or remuneration to, its members as such, and no part of the net income or net earnings of this corporation shall, directly or indirectly, inure to the benefit of any private shareholder or individual. The corporation shall not carry on propaganda or otherwise attempt to influence legislation to such extent as would result in the loss of Federal Income Tax Exemption as is claimed in Article II above. The corporation shall not participate in nor intervene in (including the publication or distributing of statements) any political campaign on behalf of any candidate for public office.

ARTICLE IV.

The duration of the corporation shall be perpetual.

ARTICLE V.

The registered office of this corporation shall be at 815 Forest Avenue, Northfield, Minnesota 55057.
ARTICLE VI.

The management of the business and affairs of this corporation shall be vested in a Board of Trustees. The number of trustees of the corporation, the length of their terms and other provisions with respect to trustees may be changed in accordance with by-laws of this corporation.

The members of the Board of Trustees, identified by name, address, and length of term, shall be as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>TERM EXPIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jennifer Goodnough</td>
<td>901 Park Ave. Morris, MN 56267</td>
<td>12/31/24</td>
</tr>
<tr>
<td>Patrick Nelson</td>
<td>18704 Cnty Rd 22, Glenwood, MN</td>
<td>12/31/23</td>
</tr>
<tr>
<td>Lorraine Wiese</td>
<td>252 S. Columbia Ave., Morris, MN</td>
<td>12/31/25</td>
</tr>
<tr>
<td>Carol Raw</td>
<td>801 Nevada Ave., Morris, MN 56267</td>
<td>ex-officio SFHS CEO/President</td>
</tr>
<tr>
<td>Cami Peterson-DeVries</td>
<td>801 Nevada Ave., Morris, MN 56267</td>
<td>President of the Corporation SFHS VP of Senior Services</td>
</tr>
</tbody>
</table>

The number, qualifications, method of election, terms of office, and such other provisions with respect to trustees as are not inconsistent with the express provisions of these Articles shall be as provided in the by-laws of the corporation.

ARTICLE VIII.

The sole member of the corporation shall be Three Links Health Services, a Minnesota nonprofit corporation.

ARTICLE IX.

The trustees, officers and members of this corporation shall not be personally liable to any extent whatsoever for obligations, errors, omissions, torts or contracts of the corporation, subject to the limitations of Minnesota Statutes, s317.201.
ARTICLE X.

This corporation shall have no capital stock.

ARTICLE XI.

This corporation may be dissolved according to the laws of the State of Minnesota. Upon dissolution, all properties, monies, and assets shall be transferred exclusively to and become the property of St. Francis Health Services of Morris, Inc., provided that said St. Francis Health Services of Morris, Inc. shall at that time qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code, or its successor statute. If the above-named corporation is no longer in existence or no longer qualified to receive tax-exempt distributions from this corporation, then all such properties, monies and assets shall be distributed to such other funds, foundations, or corporations as are selected by the Board of Trustees and qualified as an exempt organization under Section 501(c)(3) or its successor statute.

ARTICLE XII.

These Articles may be amended in the manner prescribed by the Minnesota Nonprofit Corporation Act.

These Articles hereby replace and supersede all previous Articles of Incorporation on file with the Secretary of State.
IN TESTIMONY WHEREOF, we have hereunto set our hands this ______________

day of ____________________, 20______.

____________________________________________
Chairperson

____________________________________________
Secretary
SECOND AMENDED AND RESTATED BY-LAWS
OF
PARK RIDGE APARTMENTS (FKA PARK RIDGE HOUSING)

SECTION 1

OFFICES

1.1 Registered Office. The registered office of Park Ridge Apartments (fka Park Ridge Housing), a Minnesota nonprofit corporation (the “Corporation”) shall be set forth in the Articles of Incorporation of the Corporation (as amended).

SECTION 2

MEMBERS AND STOCK

2.1 The sole member of the Corporation shall be Three Links Health Services.

2.2 There is no capital stock.

SECTION 3

BOARD OF TRUSTEES

3.1 Governing Powers. The Board of Trustees shall have all the powers and duties necessary or appropriate for the administration of the affairs of the Corporation except as may be specifically restricted within these By-Laws.

3.2 Number. Except for the additional ex-officio member provided for at 3.2.1 below, the trustees shall be the same as the Three Links Health Services Board of Trustees and equal to the number of board members of the Three Links Health Services Board of Trustees as from time to time constituted pursuant to the governing documents of Three Links Health Services.

3.2.1 President of Three Links Health Services as ex officio member. In addition to the trustees provided for in 3.2 above, the President of Three Links Health Services shall serve on the Board of Trustees of this Corporation as an ex-officio member (by reason of status as President of Three Links Health Services and Vice President of Senior Services of St. Francis Health Services of Morris, Inc.).

3.3 Appointment. All trustees shall be appointed by the Board of Trustees of Three Links Health Services and shall consist of the entire Three Links Health Services Board of Trustees membership.

3.4 Compensation. No compensation shall be paid to trustees for their
services as trustees, unless expressly authorized. Trustees may be reimbursed for actual expenses incurred by them in the performance of their duties as trustees. All arrangements between the Corporation and an officer or Director of either the Corporation or the member (or an entity owned by such person) shall be subject to compliance with the HUD conflict of interest regulations at 24 C.F.R. § 891.130. Nothing contained herein shall be construed to preclude any trustee from serving the Corporation in any other capacity and receiving appropriate compensation therefore.

3.5 Regular Meetings. Regular meetings may be held at a place and time as directed by the Chairperson. At least one (1) regular meeting shall be held during each calendar year to elect officers and transact such other business of the Corporation as may properly come before the Board. Notice of regular meetings of the Board of Trustees shall be given to each trustee, personally by mail or telephone, at least three (3) days prior to the date named for such meeting.

3.6 Special Meetings. Special meetings of the Board of Trustees may be called by the Chairman on three (3) days notice to each trustee, given personally by mail or telephone, which notice shall state the time and place of the meeting.

3.7 Quorum. At all meetings of the Board of Trustees, a simple majority of trustees shall constitute a quorum for the transaction of business, and the acts of the trustees present at a meeting at which a quorum is present shall be the acts of the Board of Trustees, except where a larger number is required by law, the Articles of Incorporation, or these By-Laws.

3.8 Board Action. The Board of Trustees shall take action only by the affirmative vote of a majority of the trustees present at a duly held meeting, except where the Articles of Incorporation or By-Laws of the Corporation or the laws of the State of Minnesota require a larger proportion or number.

3.9 Conduct of Meetings. Meetings of the Board of Trustees shall be conducted in accordance with St. Francis Health Services Governance Board Policy. The Chairman, if present, or if not present, the Vice Chairman, shall preside at all meetings of the Board and, in the absence of such officers, the President shall act as presiding officer of the meeting.

3.10 Proxies. Proxies shall not be allowed or used by trustees.

SECTION 4

OFFICERS

4.1 Delegation. Except as may be prohibited by these By-Laws or by Board resolution, an officer may, without Board approval, delegate some or all of such officer’s duties and powers to other qualified person(s). An officer who delegates the duties or powers of an office remains subject to the standard of
conduct for an officer imposed by law with respect to the discharge of all duties and powers so delegated.

4.2 **Contract Rights.** Any officer or trustee may contract to serve the corporation in a paid or unpaid capacity as consultant or in some other capacity. The election or appointment of a person as an officer or agent of the Corporation shall not, of itself, create contract rights. The Corporation may enter into a contract with an officer or agent for a period of time if, in the judgment of the Board of Trustees, such contract is in the Corporation’s best interests. The fact that a contract may be for a term longer than the terms of the election or appointment of an officer, or for a term longer than the terms of the trustees who authorize or approved the contract, shall not make the contract void or voidable.

A. Officers of the Board

4A.1 **Designation.** The principal officers of the Board of Trustees shall be the Chairperson, the Vice Chairperson, and the Secretary/Treasurer. The identity of the officers of the Board of Trustees shall be those individuals who are serving in the same capacity as officers of the Board of Trustees of Three Links Health Services.

B. Corporate Officers

4B.1 **Designation.** The principal officer of the Corporation shall be the President.

4B.2 **Appointment/Election of Officers.** The President of the Corporation shall be the Vice President of Senior Services of St. Francis Health Services of Morris, Inc.

4B.3 **President.** The President shall have the duties enumerated in Minn. Stat. 317A.305 Subd. 2 (1) and (3) through (6) and, when neither the Chairman nor Vice Chairman is present, those duties enumerated in Minn. Stat. 317A.305 Subd. 2 (2).

4B.5 **Resignation.** A corporate officer may resign at any time by giving written notice to the President/CEO of St. Francis Health Services of Morris, Inc. The resignation is effective without acceptance when the notice is given, unless a later effective date is specified in the notice.

4B.6 **Removal.** A corporate officer may be removed by a resolution approved by the majority of the Board of Trustees.
SECTION 5

COMMITTEES

5.1 **Appointment**. The committees of the Board of Trustees shall be standing or special, and all committee appointments shall be appointed by the Chairperson of the Board. The Chairperson and President shall serve ex officio on all committees.

5.2 **Advisory Committee**. The Advisory Committee shall be composed of at least five (5) individuals appointed by the Chairman that reside within the geographical area served by the corporation. The Management Agent and the President of the Corporation will also serve on the Advisory Committee. This Advisory Committee shall be governed by such policies as may, from time to time, be adopted by the Board of Trustees.

5.3 **Operations Committee**. The Board of Trustees shall establish an Operations Committee comprised of not more than five (5) of its members. The President of the Corporation, or the President’s designee, shall be an ex officio member of the Operations Committee. At all meetings of the Operations Committee, a simple majority of members shall constitute a quorum for the transaction of business, and the acts of the members present at a meeting at which a quorum is present shall be the acts of the Operations Committee. The Operations Committee shall take action only by the affirmative vote of a majority of the trustees present at a duly held meeting. The Operations Committee shall be delegated general governance authority of the Corporation, including the power to contractually bind the Corporation on all matters, exclusive only of:

5.3.1 Incurrence of debt in an original principal amount in excess of a sum as from time to time established by the Board of Trustees of Three Links Health Services.

5.3.2 The sale or other disposition of substantially all of the assets of the corporation.

5.3.3 Entry into a merger or divisive reorganization.

5.4 **Special Committees**. Special Committees may be appointed by the Chairperson with the concurrence of the Board of Trustees, for such special tasks as circumstances may warrant.

SECTION 6

FISCAL MANAGEMENT

6.1 **Fiscal Year**. The Fiscal Year of the Corporation shall be in accordance with the St. Francis Health Services of Morris, Inc. Governance Board Policy.
6.2 **Books and Records.** The Corporation shall keep at its registered office correct and complete books of account and minutes of proceedings of meetings of the Board of Trustees and committees having any of the authority of the Board. Members of the Board of Trustees may inspect all books and records for any proper purpose at any reasonable time.

6.3 **Financial Statements.** Upon direction of Three Links Health Services, the books and records of the Corporation shall be audited and the officers of the Corporation shall cause to be prepared at least annually a full and correct statement of the financial affairs of the Corporation, including financial statements for the preceding fiscal year, all in accordance with generally accepted accounting principles. Independently audited results of the fiscal year end audit shall be provided to the Board of Trustees. Current financial statements shall be presented to the Board at each meeting.

6.4 **Execution of Corporation Documents.** With the authorization of the Board, all notes and contracts shall be executed on behalf of the Corporation by the President, or any other parties designated by appropriate resolution of the Board. All checks and other drafts shall be executed on behalf of the Corporation by the Treasurer or other parties designated by appropriate resolution of the Board.

6.5 **Fidelity Bonds.** Three Links Health Services shall provide fidelity bond coverage for officers and employees of the Corporation having custody or control of the corporate funds.

6.6 **Indemnification.** To the extent permitted by Minnesota law, the Corporation shall protect, defend, indemnify and hold harmless any and all persons who may serve or who have served at any time as trustees, officers, employees, Members of the Advisory Committee, or who at the request of the Board of Trustees may serve or any time have served as trustees, officers or employees of another corporation in which the Corporation at such time had or has an ownership interest or of which it was or may be a creditor, and their respective heirs, legal representatives, and assigns, against any and all expenses, including amounts paid upon judgments, and in settlement, before or after litigation is commenced, attorney’s fees actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or which may be asserted against them, or any of them, by reason of being or having been trustees, officers, members of the Advisory Committee, or employees of the Corporation or of such other corporation, and having acted in good faith, except in relation to matters as to which any such persons shall be adjudged in any action, suit, or proceeding to be liable for his or her own willful misconduct or for receiving an improper personal benefit in the performance of his or her duty. The rights herein granted shall be in addition to any other rights to which those so benefited may be entitled by agreement, by law, by these By-Laws, or otherwise.
SECTION 7

HUD PROVISIONS

7.1  HUD-Required Provisions. Notwithstanding any clause or provision in the Corporation’s Articles of Incorporation or these Bylaws to the contrary and so long as the United States Department of Housing and Urban Development (“HUD”) or a successor or assign of HUD is the insurer or holder of a loan to the Corporation (the “HUD-Insured Loan”) secured by the mortgage on Park Ridge Housing, Project Number 092-EE034-WAC, in Northfield, Rice County, Minnesota (the “Project”) the following provisions shall apply:

(1) If any of the provisions of the organizational documents conflict with the terms of HUD-insured Note, Security Instrument, or HUD Regulatory Agreement (“HUD Loan Documents”), the provisions of the HUD Loan Documents shall control.

(2) No provision required by HUD to be inserted into the organizational documents may be amended without HUD’s prior written approval. Additionally, if there is a conflict between any HUD-required provisions inserted into these Bylaws and any other provision of these Bylaws, the terms of the HUD-required provisions will govern; and if there is a conflict between any of the provisions in the Articles of Incorporation and any HUD-required provisions of these Bylaws, the HUD-required provisions will govern.

(3) Unless otherwise approved in writing by HUD, the Corporation’s business and purpose shall consist solely of the acquisition, ownership, operation and maintenance of the Project and activities incidental thereto. Borrower shall not engage in any other business or activity. The Project shall be the sole asset of the Corporation, which shall not own any other real estate other than the aforesaid Project.

(4) None of the following will have any force or effect without the prior written consent of HUD:

(a) Any amendment that modifies the term of the Corporation’s existence;

(b) Any amendment that triggers application of the HUD previous participation certification requirements (as set forth in Form HUD-2530, Previous Participation Certification, or 24 CFR § 200.210 et seq.);

(c) Any amendment that in any way affects the HUD Loan Documents;

(d) Any amendment that would authorize any member, partner, owner, officer or Director, other than the one previously authorized by HUD, to bind the Corporation for all matters concerning the Project which
require HUD’s consent or approval;

(e) A change that is subject to the HUD TPA requirements contained in Chapter 13 of HUD Handbook 4350.1 REV-1; or

(f) Any change in a guarantor of any obligation to HUD (including those obligations arising from violations of the Regulatory Agreement).

(5) The Corporation is authorized to execute a Note and Security Instrument in order to secure a loan to be insured by HUD and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-Insured Loan.

(6) Any incoming member of the Corporation must as a condition of receiving an interest in the Corporation agree to be bound by the HUD Loan Documents and all other documents required in connection with the HUD-Insured Loan to the same extent and on the same terms as the other members.

(7) Upon any dissolution, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person or entity that is not bound by the Regulatory Agreement in a manner satisfactory to HUD.

(8) The key principals of the Corporation identified in the Regulatory Agreement are liable in their individual capacities to HUD to the extent set forth in the Regulatory Agreement.

(9) The Corporation shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD.

(10) The Corporation has designated an official representative for all matters concerning the Project that require HUD consent or approval. The signature of this representative will bind the Corporation in all such matters. The Corporation may from time to time appoint a new representative to perform this function, but within three business days of doing so, will provide HUD with written notification of the name, address, and telephone number of its new representative. When a new representative is given full or partial authority with respect to the management of the Project, the Corporation will promptly provide HUD with the name of that person and the nature of that person’s management authority.

(11) Notwithstanding any provision in these Bylaws to the contrary, any obligation of the Corporation to provide indemnification under these Bylaws shall be limited to (i) amounts mandated by state law, if any, (ii) coverage afforded under any liability insurance carried by the Corporation, and (iii) available “surplus cash” of the Corporation as defined in the Regulatory Agreement. Until funds from a permitted source for payment of indemnification costs are available for payment, the Corporation shall not (a) pay funds to any members, partners, officers and
Directors, or (b) pay the deductible on an indemnification policy for any members, partners, officers and Directors.

7.2 Termination of HUD-Required Provisions. The provisions of this Section 7 shall terminate and be of no further force and effect when HUD or a successor or assign of HUD is no longer the insurer or holder of the HUD-Insured Loan secured by the mortgage on the Project.

SECTION 8

AMENDMENTS

8.1 By Board Action. Three Links Health Services may amend, alter, restate, or repeal, and new By-Laws may be adopted, provided that such amendments are not inconsistent with Section 202 of the Housing Act of 1959, as amended, HUD’s regulations thereunder, or the provisions of the Articles of Incorporation or the Regulatory Agreement between the Corporation and HUD.

The undersigned, Secretary of Park Ridge Apartments, hereby certifies that the foregoing By-Laws were adopted as the complete By-Laws of the Corporation.

Secretary: ____________________________

Attest: ______________________________

Date: ________________________________

AMENDMENTS: