

EXHIBIT A

(to the Management Agreement)

AGREEMENT FOR REVERSION OF OPERATIONS

Authority and Manager agree to perform the following in conjunction with any termination of the Management Agreement (the "Agreement").

ARTICLE 1. DEFINITIONS

Unless otherwise specifically defined in this Exhibit A, capitalized terms shall have the meaning ascribed to them in the Agreement. In addition to the other terms defined in this Exhibit A, the following terms shall have the meanings set forth in this Article 1, except as the context otherwise clearly requires:

1.1 "Accounts" means all Pre-Transfer Accounts and Post-Transfer Accounts.

1.2 "Assets" means all Resident records and admission agreements and Provider Agreements.

1.3 "License" shall mean and refer to a current and valid operating license issued by OSDH permitting the Facility's operation as a -bed nursing facility.

1.4 "Resident Trust Property" means and includes any and all resident trust funds and other property held by Authority immediately prior to the Transfer Date for past residents or Residents of the Facility.

1.5 "Post-Transfer Accounts" means all revenues, monies, accounts, payments and other proceeds arising from or related to the operation of the Facility, including without limitation Medicaid- related general intangibles and any other third party payor reimbursements, together with the products and proceeds of all of the foregoing, attributable to the provision of resident services by Manager on or after the Transfer Date.

1.6 "Pre-Transfer Accounts" means all revenues, monies, accounts, payments and other proceeds arising from or related to the operation of the Facility, including without limitation Medicare and Medicaid-related general intangibles and any other third party payor reimbursements, together with the products and proceeds of all of the foregoing, attributable to the provision of resident services by Authority before the Transfer Date.

1.7 "Transfer Date" shall be and mean 12:00:01 A.M. central time on the effective date of termination of the Agreement.

ARTICLE 2. TRANSFER OF OPERATIONS AND ASSETS

2.1 Transfer of Assets and Operations. Authority will convey, assign and deliver to Manager the Assets and all of Authority's right, title and interest in and to the business operations of the Facility, effective as of the Transfer Date, by execution and delivery of a Bill of Sale in substantially the form and substance as attached hereto as Exhibit A-1.

2.2 Authority shall execute, deliver and file all documents and statements requested by Manager and necessary to effectuate a transfer of the Facility license, Medicaid and Medicare certifications and all other licenses, permits, certifications or approvals necessary to operate the Facility (the "Permits") to Manager or a successor operator designated by Manager ("Replacement Operator"), subject to required approval of any governmental authority. Subject to applicable laws, Authority further shall provide to Manager or the Replacement Operator all information and records reasonably requested by either of them that are within Authority's possession or control in connection with the transfer of the Permits.

2.3 In order to facilitate an efficient transfer of the operations of Facility, Authority shall, if and to the extent requested by Manager, Landlord or any Lender, (A) deliver copies of all Permits and the most recent reports and notices pertaining to the Facility to Manager or the Replacement Operator; (B) continue and maintain the operation of the Facility in the ordinary course of business, including, without limitation, the retention of all residents at the Facility to the fullest extent commercially reasonable and consistent with the medical needs of such residents until termination of the Agreement or OSDH approval of a change of ownership of the Facility License and Medicaid Provider Agreement, whichever first occurs; (C) enter into such operation transfer agreements, management agreements, and other agreements as may be reasonably requested by Manager until termination of the Agreement or OSDH approval of a change of ownership of the Facility License and Medicaid Provider Agreement, whichever first occurs; and (D) subject to applicable laws, provide continued access to Manager, Landlord and if applicable any Lender, or their agents to show such Facility to potential Replacement Operators. Authority hereby consents to the disclosure by Manager to potential Replacement Operators of the Facility's financial statements, licensure reports and surveys, financial and property due diligence materials and other documents, materials and information relating to the Facility which a potential Replacement Operator would reasonably desire to review in determining whether to operate the Facility.

2.4 Best Efforts. Manager will proceed in due course to acquire, effective as of the Transfer Date: (a) an operating license from OSDH, (b) the transfer or assignment of the Medicare Provider Agreement or issuance of a new Medicare Provider Agreement in the name of Manager or a Replacement Operator pursuant to all applicable laws and regulations regarding the same, (c) the transfer or assignment of the Medicaid Provider Contract or issuance of a new Medicaid Provider Contract in the name of Manager or a Replacement Operator, pursuant to all applicable laws and regulations regarding the same, and (d) Any and all other actions as may be required to effect the reversion of operations and/or the transfer of the certificate of need to operate the Facility.

2.5 Medicare and Medicaid Provider Agreements. Authority and Manager acknowledge and agree that in the event, pursuant to 42 C.F.R. §§ 442.14(a) and 489.18(c), Authority's Medicare and Medicaid Provider Agreements can be assigned to Manager or a Replacement Operator as directed by Manager, Authority will, to the extent permitted by law, assign the Medicare and Medicaid Provider Agreements and all of Authority's rights thereunder to Manager or a Replacement Operator, and Authority further agrees to promptly provide such letters, consents, verifications, information and other documents, as necessary and required by applicable law or regulation, to Manager, CMS and any fiscal intermediary, OSDH, and/or any other governmental and/or regulatory authority having jurisdiction of the Facility, the License, the Medicare or Medicaid Provider Agreement as may be reasonably requested or required to effectuate the transfer or assignment of the same.

2.6 Cooperation. Each party agrees to cooperate with the other in effecting a change in operation of the Facility for the purposes of licensing and certification in order to ensure the continuous and uninterrupted operation of the Facility as a licensed skilled nursing facility. Authority agrees not to take any action or commit any omission that would result in the termination or suspension of the existing License or provider agreements.

ARTICLE 3. RESIDENT TRUST FUNDS & OTHER PROPERTY

3.1 Accounting for Resident Trust Property. As of the Transfer Date, Manager, on behalf of Authority, shall prepare, and if required deliver to OSDH, an accounting of all Resident Trust Property. Within five (5) days of receipt of the final bank statement for the Resident trust account(s), Manager shall prepare a final accounting which shall be a true, correct, and complete accounting of all Resident Trust Property.

3.2 Transfer of Resident Trust Property. On the Transfer Date, Authority shall transfer to Manager or a Replacement Operator all Resident Trust Property held by Authority. If the final accounting reflects that any additional adjustments are needed to the initial transfer between Authority and Manager, such adjustments shall be made within three (3) business days of the final accounting.

3.3 Indemnification for Resident Trust Property. In addition to Manager's indemnification obligations as stated in the Agreement, Manager will indemnify, defend and hold Authority harmless for, from and against all liabilities, claims and demands, including reasonable attorneys' fees and costs, in the event a claim is made against Authority by a Resident for his/her Resident Trust Property where such Resident's funds or other property were properly transferred to Manager pursuant to the terms hereof.

ARTICLE 4. RECEIVABLES, REIMBURSEMENTS & OPERATING EXPENSES

4.1 Authority's Cost Reports. Manager, on behalf of Authority, shall at its own expense, timely prepare and file with CMS and the State Medicaid agency cost reports for the period up to the

Transfer Date. Manager will provide the appropriate agencies with any information needed to support claims for reimbursement made in the name of Authority either in such final cost reports or in any cost reports filed for prior or subsequent cost reporting periods. Manager shall promptly provide Authority with copies of such reports and supporting documentation. Authority shall cooperate fully with Manager in preparation and execution of such cost reports. Manager shall complete cost reports and provide them to Authority for review at least fifteen (15) days prior to the required deadline for filing the cost reports. Manager shall provide Authority at least eight (8) days to review the cost reports prior to Manager timely filing same. Authority hereby irrevocably appoints Manager as its agent and attorney in-fact for such purpose, to prepare, file, and otherwise process such cost reports in Authority's name and behalf. Authority shall cooperate fully with Manager in the preparation, filing and processing of the cost reports.

4.2 Accounts Receivable.

4.2.1 Schedule of Pre-Transfer Accounts. Manager shall prepare a complete, correct resident roster with account status, responsible party, payor source and agings not less than thirty (30) days prior to the Transfer Date, and shall update such roster as of the Transfer Date.

4.2.2 Pre-Transfer Accounts Receivable. All unpaid Pre-Transfer Accounts, including but not limited to accounts receivable arising from rate adjustments which relate to periods prior to the Transfer Date even if such adjustments occur after the Transfer Date, any overpayments (including without limitation recapture of pass-throughs) made to Authority for periods prior to the Transfer Date for which payment is due to (or for which subsequent reimbursements are offset or denied by) Medicare, Medicaid or any other third party payor after the Transfer Date shall be allocated to Pre-Transfer Operating Revenue and shall be handled according to the Agreement.

4.3 Handling of Receipts. Payments received after the Transfer Date from third party payors, such as Medicare, Medicaid, VA, managed health organizations and insurers, shall be handled as follows:

4.3.1 To the extent such payments indicate on the accompanying remittance advice that they relate to periods prior to the Transfer Date, such payments will be allocated to Pre- Transfer Operating Revenue. If such payments indicate on the accompanying remittance advice that they relate to periods on or after the Transfer Date, they shall be allocated to Post-Transfer Operating Revenue.

4.3.2 If such payments fail to indicate the period to which they relate, then all such unidentified payments received within thirty (30) days following the Transfer Date shall be deemed to relate to the covered Resident's unpaid Pre-Transfer Accounts (if any), and unidentified payments received thereafter shall be deemed to relate to Post-Transfer Accounts.

4.4 Private Pay. Any payment received during the first sixty (60) days after the Transfer Date for a private pay Resident, Medicaid resident liabilities, or uncovered charges, which fails to designate the period to which it relates, will first be applied to reduce the Resident's Pre-Transfer Account balances (if any), with any excess applied to reduce any balances due for services rendered by Manager after the Transfer Date. Thereafter all non-designated payments will first be applied to any Post-Transfer Account balances, with the excess applied to balances due for services rendered prior to the Transfer Date, if any.

4.5 Cooperation in Processing of Medicare and Medicaid Claims. If necessary, Manager and Authority agree to provide each other, upon request and in a timely manner, with copies of all Medicare and Medicaid reimbursement requests pertaining to the Facility submitted to any Medicare or Medicaid fiscal intermediary whether before or after the Transfer Date. Each party agrees to take all reasonable steps to assist the other in processing Medicare and Medicaid claims and obtaining Medicare and Medicaid payments for services rendered (i) in the case of Manager, from and after the Transfer Date, and (ii) in the case of Authority, prior to the Transfer Date.

4.6 Operating Expenses. All Pre-Transfer Operating Expenses shall be handled according to the Agreement. Any Pre-Transfer Operating Expenses not covered by insurance and not paid as of the Transfer Date shall be the responsibility of the Manager.

ARTICLE 5. PRORATIONS

5.1 Calculation. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available. Without limiting the foregoing, water, electricity, sewer, gas, telephone and other utility charges shall be based, to the extent practicable, on final meter readings and invoices covering the period of time through the Transfer Date. Utility charges which are not metered and read on the Transfer Date shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefore.

ARTICLE 6. RECORDS

6.1 Delivery of Records. On the Transfer, Authority shall release to Manager all of the records for current residents, employee records and other relevant records used or developed in connection with the business conducted at the Facility, and all licenses, agreements, records, reports and information reasonably necessary to continue care for residents at the Facility after the Transfer. With respect to resident information, such transfer and delivery shall

be in accordance with all applicable laws, rules and regulations governing the transfer of medical and other resident records.

ARTICLE 7. INDEMNIFICATION

7.1 Manager. In addition to Manager's indemnification obligations as stated in the Management Agreement and without limiting its other duties and obligations hereunder, Manager agrees to indemnify, defend and hold harmless Authority for, from and against any and all loss, costs, liabilities and expenses, including reasonable attorneys' fees and costs, which it may incur as a result of the operation of the Facility from and after the Transfer Date, including without limitation, any use by Manager of Authority's provider numbers from and after the Transfer Date; provided, however, that nothing herein shall be construed as imposing any liability on Manager to indemnify, defend or hold harmless Authority with respect to Authority's own acts or omissions from and after the Transfer Date.

EXHIBIT A-1

FORM OF

BILL OF SALE

Effective _____, 20_____, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NSGO, ("Seller"), hereby grants, bargains, sells, conveys, assigns and transfers to NURSING HOME COMPANY, ("Buyer"), and its successors and assigns, all of Seller's right, title and interest in and to all Resident records and admission agreements and provider agreements owned or used by Seller in connection with the operation of NURSING HOME, a skilled nursing and rehabilitation facility, located at Nursing Facility Address, (the "Assets") TO HAVE AND TO HOLD, all and singular, for Buyer's use and benefit. The Assets are transferred in their "AS IS, WHERE IS" condition, without any representation or warranty of any kind.

Dated as of _____ day of _____, 20_____.

NSGO, ("Seller")

By: _____

Name: _____

Title:

EXHIBIT B

QUALITY INCENTIVE PROGRAM STANDARDS

The goal of the Quality Incentive Fee is to identify criteria based outcomes for Authority to reward Manager for high performance, the provision of quality care, and improvements to the Facility's care delivery systems. The Quality Incentive Fee will be paid to Manager on a quarterly basis for substantial progress toward the achievement by Manager of the goals that are established and documented cooperatively by a quality committee composed of representative(s) from Authority and Manager each Fiscal Year. Each quarter, the quality committee shall determine Manager's performance towards achieving the goals during the prior quarter prior to the payment of the Quality Incentive Fee. The Quality Incentive Fee shall be earned by satisfying the goals established by the quality committee or by Manager's substantial progress towards achieving such goals. Any unearned Quality Incentive Fee amounts shall be carried over and may be earned by Manager in any subsequent quarter during the Term of this Agreement.

EXHIBIT C
BUSINESS ASSOCIATE AGREEMENT
(attached)

OPERATIONS TRANSFER AGREEMENT

This Operations Transfer Agreement (“**Agreement**”) is entered into as of _____, 20_____, (“**Effective Date**”), by and between NURSING HOME COMPANY, (“**Manager**”), and NSGO, (“**Authority**”).

RECITALS

- A. Manager leases the nursing facility known as _____, NURSING HOME, located at _____, (“**Facility**”) from _____, LANDLORD, (“**Prime Lessor**”), pursuant to a Lease Agreement dated as of _____ (“**Prime Lease**”).
- B. Manager holds a valid and current License (as defined in Article 1 below, which contains definitions of the capitalized terms used in this Agreement) from the Oklahoma State Department of Health (“**OSDH**”) to operate the Facility.
- C. Manager and Authority have entered into a sublease (“**Sublease**”) for the Facility with a Commencement date of _____, 20_____, or as soon thereafter as all necessary approvals are obtained from **OSDH** (the “**Transfer Date**”), which will result in Authority becoming the licensed operator of the Facility.
- D. Manager and Authority have entered into a Management Agreement with an effective date of _____, 20_____, or as soon thereafter as all necessary approvals are obtained from **OSDH** (the “**Management Agreement**”) whereby Manager will manage the Facility on behalf of Authority on and after the Transfer Date, and desire to provide for certain terms and conditions relevant to the orderly transition of certain operational and financial responsibilities for the Facility from Manager to Authority.

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties set forth herein, it is hereby agreed:

AGREEMENT

ARTICLE 1. DEFINITIONS

Unless otherwise specifically defined in this Agreement, capitalized terms shall have the meaning ascribed to them in the Management Agreement. In addition to the other terms defined herein, the following terms shall have the meanings set forth in this Article 1, except as the context otherwise clearly requires:

1.1 “Accounts” means all Pre-Transfer Accounts and Post-Transfer Accounts.

1.2 “Assets” means all resident records, admission agreements, and Provider Agreements owned or used by Manager in connection with the operation of the Facility.

1.3 “Manager’s Knowledge” means: whenever any statement herein or on any schedule, exhibit, certificate, or other documents delivered to Authority pursuant to this Agreement is made “to Manager’s knowledge” or words of similar intent or effect, such statement only refers to whether such facts and other information, as of the date the representation is given, are actually known to the Managers of the Facility after due investigation by such person.

1.4 “License” shall mean and refer to a current and valid operating license issued by OSDH permitting the Facility’s operation as a _____ bed nursing facility.

1.5 “Resident Trust Property” means and includes any and all resident trust funds and other property held by Manager immediately prior to the Transfer Date for past residents of the Facility.

1.6 “Post-Transfer Accounts” means all revenues, monies, accounts, payments and other proceeds arising from or related to the operation of the Facility, including without limitation Medicaid- related general intangibles and any other third party payor reimbursements, together with the products and proceeds of all of the foregoing, attributable to the provision of resident services by Authority on or after the Transfer Date.

1.7 “Pre-Transfer Accounts” means all revenues, monies, accounts, payments and other proceeds arising from or related to the operation of the Facility, including without limitation Medicare and Medicaid-related general intangibles and any other third party payor reimbursements, together with the products and proceeds of all of the foregoing, attributable to the provision of resident services by Manager before the Transfer Date.

ARTICLE 2. TRANSFER OF OPERATIONS; AGREEMENTS

2.1.1 Transfer of Assets and Operations. Manager agrees to convey, assign and deliver to Authority the Assets and all of Manager’s right, title and interest in and to the business operations of the Facility, effective as of the Transfer Date by execution and delivery of a Bill of Sale in substantially the form and substance attached hereto as Exhibit A. NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN ANY RELATED DOCUMENT OR AGREEMENT TO THE CONTRARY, MANAGER IS ONLY TRANSFERRING CERTAIN OPERATING ASSETS AND EXCEPT AS SET FORTH HEREIN IS NOT ASSIGNING TO AUTHORITY, NOR IS AUTHORITY ASSUMING FROM MANAGER, ANY LIABILITY FOR CLAIMS, COSTS, EXPENSES, CONTRACTUAL ARRANGEMENTS, DUTIES OR OBLIGATIONS, MANAGER’S GENERAL, PROFESSIONAL AND OTHER OPERATIONAL LIABILITIES, ERRORS OR OMISSIONS, OR OTHER DUTIES, OBLIGATIONS OR LIABILITIES OF MANAGER, ITS AFFILIATES OR ITS PREDECESSORS-IN-INTEREST, WHETHER KNOWN OR UNKNOWN, CONTINGENT OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE OPERATION OF THE FACILITY PRIOR TO THE TRANSFER DATE. This Agreement, including the transfer of assets and operations pursuant to this Section 2.1, shall at all times be subject and subordinate to the Prime Lease and the rights of the Prime Lessor thereunder.

2.2 Best Efforts. In consideration for the agreements of Manager set forth herein, and the full and faithful performance of all of their covenants hereunder, Authority agrees to proceed in due course to acquire, effective as of the Transfer Date: (a) an operating license from OSDH, (b) the transfer or assignment of the Medicare Provider Agreement or issuance of a new Medicare Provider Agreement to Authority's name pursuant to all applicable laws and regulations regarding the same, and (c) the transfer or assignment of the Medicaid Provider Agreement or issuance of a new Medicaid Provider Agreement in the name of the Authority, pursuant to all applicable laws and regulations regarding the same.

2.3 Cooperation. Each party agrees to cooperate with the other in effecting a change in operation of the Facility for the purposes of licensing and certification in order to ensure the continuous and uninterrupted operation of the Facility as a licensed skilled nursing facility. Manager agrees not to take any action or commit any omission that would result in the termination or suspension of the existing License or provider agreements.

2.4 Conditions. This Agreement and the respective obligations of the parties hereunder are conditioned upon the following: (a) the acquisition by the Parties of all necessary regulatory approvals, both State and Federal; (b) the filing of all applicable applications associated with the transfer of operations, including but not limited to any applicable applications for license or certificate of need with OSDH; and (b) Manager's surrender of possession of the Facility and the operations therein to Authority at the Transfer Date in accordance with this Agreement. Other than regulatory authority, Authority and Manager may, but are not required to, waive or defer (in writing) the fulfillment of any one or more of these conditions in its sole discretion.

ARTICLE 3. TRANSFER OF OPERATING ASSETS

3.1 Medicare and Medicaid Provider Agreements. Manager and Authority acknowledge and agree that in the event, pursuant to 42 C.F.R. §§ 442.14(a) and 489.18(c), Manager's Medicare and Medicaid Provider Agreements can be assigned to Authority, Manager will, to the extent permitted by law, assign the Medicare and Medicare Provider Agreements and all of Manager's rights thereunder to Authority, and Manager further agrees to promptly provide such letters, consents, verifications, information and other documents, as necessary and required by applicable law or regulation, to Authority, CMS and any fiscal intermediary, OSDH, and/or any other governmental and/or regulatory authority having jurisdiction of the Facility, the License, the Medicare or Medicaid Provider Agreement as may be reasonably requested or required to effectuate the transfer or assignment of the same.

ARTICLE 4. RESIDENT TRUST FUNDS & OTHER PROPERTY

4.1 Accounting for Resident Trust Property. As of the Transfer Date, Manager shall prepare and deliver to Authority and (if required) to OSDH an accounting of all Resident Trust Property. Within five (5) days of Manager's receipt of the final bank statement for the resident trust account(s), Manager shall deliver to Authority a final accounting which shall be a true, correct, and complete accounting of all Resident Trust Property.

4.2 Transfer of Resident Trust Property. As of the Transfer Date, Manager shall remit to Authority all Resident Trust Property held by Manager. If the final accounting reflects that any additional adjustments are needed to the initial transfer between Manager and Authority, such adjustments shall be made within three (3) business days of the final accounting.

4.3 Indemnification for Resident Trust Property. Manager will indemnify, defend and hold Authority harmless for, from and against all liabilities, claims and demands, including reasonable attorneys' fees and costs, for inaccuracies in the accounting or for claims with respect to the Resident Trust Funds prior to the Transfer Date.

ARTICLE 5. RECEIVABLES & REIMBURSEMENTS

5.1 Manager's Cost Reports. Manager shall timely prepare and file its Medicaid and Medicare cost reports for its operation of the Facility for the period up to the Transfer Date. Manager will provide the appropriate agencies with any information needed to support claims for reimbursement made by Manager either in such final cost reports or in any cost reports filed for prior or subsequent cost reporting periods. Upon request, Manager shall promptly provide Authority with copies of such reports and supporting documentation.

5.2 Accounts Receivable.

5.2.1 Schedule of Pre-Transfer Accounts. Manager shall deliver to Authority a complete, correct resident roster with account status, responsible party, payor source and agings prior to the Transfer Date, and shall update such roster as of the Transfer Date.

5.2.2 Pre-Transfer Accounts Receivable. Manager shall retain all right, title and interest in and to all unpaid Pre-Transfer Accounts, including but not limited to accounts receivable arising from rate adjustments which relate to periods prior to the Transfer Date even if such adjustments occur after the Transfer Date, and Manager shall remain liable for any overpayments (including without limitation recapture of pass-throughs) made to Manager for periods prior to the Transfer Date for which payment is due to (or for which subsequent reimbursements are offset or denied by) Medicare, Medicaid or any other third party payor after the Transfer Date. As of the Transfer Date, Manager shall provide Authority with a schedule setting forth by resident its outstanding Pre-Transfer Accounts as of the Transfer Date.

5.3 Handling of Receipts. Payments received after the Transfer Date from third party payors, such as Medicare, Medicaid, VA, managed health organizations and insurers, shall be handled as follows:

5.3.1 To the extent such payments indicate on the accompanying remittance advice that they relate to periods prior to the Transfer Date, such payments will be allocated to Manager. If such payments indicate on the accompanying remittance advice, that they relate to periods on or after the Transfer Date, they shall be allocated to Authority ;

5.3.2 If such payments indicate on the accompanying remittance advice, or are otherwise identifiable from the content of the remittance advice or if Manager and Authority

agree, that they relate to periods both prior to and after the Transfer Date, the portion thereof which relates to the period on or after the Transfer Date shall be allocated to Authority , and the portion thereof that relates to the period prior to the Transfer Date shall be allocated to Manager; and

5.4 Private Pay. Any payment received by either party during the first sixty (60) days after the Transfer Date for a private pay resident, Medicaid resident liabilities, or uncovered charges, which fails to designate the period to which it relates, will first be applied to reduce the resident's Pre-Transfer Account balances (if any), with any excess applied to reduce any balances due for services rendered after the Transfer Date. Thereafter all non-designated payments will first be applied to any Post-Transfer Account balances, with the excess applied to balances due for services rendered by Manager prior to the Transfer Date, if any.

5.5 Misapplication of Payments. In the event that any payment hereunder is misapplied by the parties, except as otherwise provided herein, the party which erroneously received said payment shall remit the same to the other within ten (10) days after such determination is made.

5.6 Cooperation in Processing of Claims. If necessary, Authority and Manager agree to provide each other, upon request and in a timely manner, with copies of all Medicare and Medicaid reimbursement requests pertaining to the Facility submitted to any Medicare or Medicaid fiscal intermediary whether before or after the Transfer Date. Each party agrees to take all reasonable steps to assist the other in processing Medicare and Medicaid claims and obtaining Medicare and Medicaid payments for services rendered (I) in the case of Authority , from and after the Transfer Date, and (ii) in the case of Manager, prior to the Transfer Date.

5.7 Overpayment Claims. In the event that federal or state agencies or any private insurer or other payor making payments to Manager for services performed on or prior to Transfer Date make any claim for fines, civil money penalties, recoupment of fraudulent charges or overpayments (including without limitation recapture of pass-throughs) occurring for any such period, then Manager agrees, in addition to Manager's indemnification obligations as stated in the Management Agreement, to save, indemnify, defend and hold Authority harmless for, from and against any and all loss, damage, injury or expense incurred by Authority because of any such claim, and Manager shall promptly upon demand reimburse Authority for the full amount of any such claim, offset, or chargeback actually recovered from Authority . In the event Manager successfully appeals any such overpayment claim and Authority receives funds or credits as result thereof, Authority shall promptly remit to Manager the full amount of any such funds or credits.

ARTICLE 6. PRORATIONS

6.1 Prorations. Revenues and expenses pertaining to water, electricity, sewer, gas, telephone and other charges for the billing period(s) in which the Transfer Date occurs, real and personal property taxes, prepaid expenses and other related items of revenue or expense shall be prorated between the parties as of the Transfer Date.

6.2 Calculation. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available. Without limiting the foregoing, water, electricity, sewer, gas, telephone and other utility charges shall be based, to the extent practicable, on final meter readings and invoices covering the period of time through the Transfer Date. Utility charges that are not metered and read on the Transfer Date shall be estimated based on prior charges, and shall be re-prorated upon receipt of statements therefore.

ARTICLE 7. RECORDS

7.1 Delivery of Records. On the Transfer Date, all of the records for residents, and other relevant records used or developed in connection with the business conducted at the Facility, and all licenses, agreements, records, reports and information reasonably necessary to continue care for residents at the Facility after the Transfer Date shall remain in the Facility. With respect to resident information, such transfer and delivery shall be in accordance with all applicable laws, rules and regulations governing the transfer of medical and other resident records.

7.2 Employee Records. All active employee records used by Manager in connection with the operation of the Facility immediately prior to the Transfer Date shall remain in the Facility for Manager's use as Manager in connection with the operation of the Facility.

7.3 Access to Records.

7.3.1 Subsequent to the Transfer Date, Authority shall allow Manager and its agents and representatives to have reasonable access (upon reasonable prior notice and during normal business hours), to inspect and to make copies of, the books and records and supporting material of the Facility relating to the period prior to the Transfer Date, to the extent reasonably necessary to enable Manager to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns and to verify accounts receivable collections due Manager.

7.3.2 Manager shall be entitled to remove the originals of any records delivered to Authority for purposes of litigation involving a resident or employee to whom such record relates, if (i) an officer of or counsel for Manager certifies that such original must be produced in order to comply with applicable law or the order of a court of competent jurisdiction in connection with such litigation, and (ii) Manager leaves a full and complete copy of such records in the Facility while the originals are in its possession. Any record so removed shall promptly be returned to Authority following its use.

7.3.3 Authority agrees to maintain such books, records and other materials comprising records of the Facility's operations prior to the Transfer Date that have been received by Authority from Manager or otherwise, including, but not limited to, resident records and records of resident funds, to the extent required by law, but in no event less than three (3) years or the minimum period required by any applicable statute of limitations in force as of the

Transfer Date, and shall allow Manager a reasonable opportunity to remove such documents, at Manager's expense, at such time as Authority shall decide to dispose of such documents.

7.4 HIPAA Compliance. On or before the Transfer Date, Authority and Manager shall each execute and deliver to the other mutual and reciprocal HIPAA Business Associate Agreements in form and substance mutually acceptable to Authority and Manager.

ARTICLE 8. OPERATING CONTRACTS

8.1 Operating Contracts. Manager has delivered to Authority true, complete and current copies of all material Operating Contracts. There are no material Operating Contracts, oral or written, which have not been disclosed in writing, pursuant to the foregoing or otherwise, to Authority, and the Operating Contracts delivered and disclosed are in full force and effect and have not been modified, altered or amended in any way.

ARTICLE 9. INDEMNIFICATION

9.1 Indemnification. Without limiting its other duties and obligations hereunder and in addition to Manager's indemnification obligations as stated in the Management Agreement, Manager agrees to indemnify, defend and hold harmless Authority for, from and against any and all loss, costs, penalties, fees, liabilities and expenses, including reasonable attorneys' fees and costs, which it may incur as a result of (I) a breach by Manager of its obligations under this Agreement and (ii) the operation of the Facility prior to the Transfer Date; provided, however, that nothing herein shall be construed as imposing any liability on Manager to indemnify, defend or hold harmless Authority with respect to Authority's own conduct, including negligence, gross negligence or intentional misconduct from and after the Transfer Date.

ARTICLE 10. DEFAULT & REMEDIES

10.1 Remedies. Notwithstanding anything contained herein to the contrary, in the event of a default by either party hereunder, the other party shall have all remedies available to it at law, in equity and under this Agreement, which remedies shall be cumulative and not exclusive, and which remedies may be pursued singularly, successively or simultaneously with any others.

ARTICLE 11. REPRESENTATIONS AND WARRANTIES

11.1 Manager's Warranties. To induce Authority to enter into this Agreement, the Management Agreement, and the Sublease, Manager hereby represents and warrants to Authority as follows, which warranties shall survive the termination hereof:

11.1.1 Corporate Existence and Power. Manager is a limited partnership duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation, and has the power and authority and all governmental licenses, authorizations, consents, and approvals to own its assets, carry on its business as now, and proposed to be, conducted and to execute, deliver, and perform its obligations under this Agreement;

11.1.2 Corporate Authorization; No Contravention. Manager has taken all necessary action to authorize the execution, delivery, and performance of this Agreement, the Management Agreement and Sublease. This Agreement, the Management Agreement and Sublease constitutes the valid and binding obligation and agreement of Manager, enforceable in accordance with their respective terms; and neither the execution and delivery of this Agreement, the Management Agreement or Sublease, nor compliance with the terms of provisions thereof, will result in any breach of the terms, conditions, or provisions of, or conflict with or constitute a default under, or result in the creation of any lien, charge, or encumbrance upon any property or assets of Manager pursuant to the terms of any indenture, mortgage, deed of trust, note, evidence of indebtedness, agreement, or other instrument to which Manager may be a party or by which it or they or any of their properties may be bound, or violate any provision of law, or any applicable order, writ, injunction, judgment or decree of any court, or any order or other public regulation of any governmental commission, bureau, or administrative agency;

11.1.3 Qualified Manager. Manager warrants and represents that it has the knowledge, experience, expertise, qualifications, skill, and ability to operate and manage a skilled nursing care facility in accordance with all laws, rules, regulations and professional standards.

11.1.4 Personnel. Manager, or an Affiliate of Manager, has engaged, either as employees or independent contractors, the personnel providing services at the Facility, and Manager or its Affiliate has complied with Legal Requirements relating to the recruitment and employment of employees at the Facility.

11.1.5 No Denials or Penalties. Except as disclosed on Schedule 11.1.5 or contained in survey inspection related records and government agency notices provided to Authority pursuant to paragraph 11.1.20 of this Agreement, to Manager's Knowledge, the Facility is not subject to any pending action, investigation, administrative proceeding or remedy involving a Denial Of Payment of New Admissions, a "payment hold," an "Immediate Jeopardy" citation, a Medicaid or Medicare civil monetary penalty, Medicare/Medicaid recoupment action, or an investigation by the Oklahoma Attorney General's office, Medicaid Fraud Investigation Unit, or similar authority.

11.1.6 Proceedings. There is no pending, or to the Manager's Knowledge threatened, investigation, action, suit, litigation or other legal or administrative proceeding by a Regulatory Agency against Manager or the Facility that would:

(I) materially affect Authority 's ability to obtain a nursing home license or participate as a licensed provider in Oklahoma' Medicare or Medicaid program with respect to the Facility;

(ii) materially and adversely affect the parties' ability to operate the Facility as contemplated in the Management Agreement; or

(iii) affect the performance of or have any material adverse change in the ability of the Manager to perform this Agreement, the Sublease, or the Management Agreement.

11.1.7 Patient Funds. To Manager's Knowledge, all patient trust funds held for the benefit of residents of the Facility have been properly accounted for and are in balance and have been kept in substantially accordance with all Legal Requirements.

11.1.8 Litigation. Except as disclosed on Schedule 11.1.8, there is no Litigation pending or, to the Knowledge of Manager, any threatened claims, actions, suits, or proceedings against or materially affecting Manager with respect to the Facility, at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, attorney general's office, agency or instrumentality wherever located, that could reasonably be expected to have a material adverse effect on the Facility or Manager's obligations under this Agreement or the Management Agreement.

11.1.9 Regulatory Matters. Except as disclosed on Schedule 11.1.9, Manager and its Affiliates, officers, directors and employees:

(i) are not currently under sanction by the Office of Inspector General ("OIG") of the Department of Health and Human Services or barred from federal or state procurement programs and have not been convicted of a criminal offense with respect to health care reimbursement, or battery or neglect of a dependent;

(ii) are not parties to a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services;

(iii) have no reporting obligations pursuant to any settlement agreement entered into with any governmental entity;

(iv) to Manager's Knowledge, have not been the subject of any government payor program investigation conducted by any federal or state enforcement agency, except for Medicaid Resource Utilization Group audits conducted in the normal course of business and/or any civil monetary penalties received in connection with any regulatory survey inspections conducted by OSDH or CMS prior to the Transfer Date;

(v) have not been a defendant in any *qui tam* or False Claims Act litigation;

(vi) have not been served with or received any search warrant, subpoena or civil investigative demand, by or from any federal or state enforcement agency (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 healthcare businesses conducted by Manager);

(vii) to Manager's Knowledge, have not committed an act related to the Facility which would be construed as fraudulent or prohibited under the Stark Amendments, any state or federal laws relating to referrals of patients or services, or any other applicable CMS, Medicaid, or Medicare regulations.

11.1.10 HIPAA Compliance. To Manager's Knowledge, Manager is in substantial compliance with Subpart F (Administrative Simplification) of HIPAA, the regulations contained in 45 C.F.R. Parts 160 and 164, as amended (collectively, the "Federal Privacy and Security Regulations"), the regulations contained in 45 C.F.R. Parts 160 and 162, as amended (collectively, the "Federal Transaction Regulations"), all applicable state laws relating to the privacy, security and transmission of health information. Manager's policies relating to the privacy and security of "Protected Health Information" (as defined in the Federal Privacy and Security Regulations) with respect to the Facility comply with the Federal Privacy and Security Regulations and applicable state privacy laws.

11.1.11 The Facility. To Manager's Knowledge, there is no material deferred maintenance critical to the operation and use of the Facility, the roofs of the buildings comprising the Facility are free of leaks, all mechanical systems, including foundations, air-conditioning, plumbing, heating, sewage drainage and electrical systems are in substantially good repair and condition, are fully operable and adequate to service the requirements of the Facility.

11.1.12 Licensed Facility. The Facility is a duly qualified and properly licensed nursing facility with a total of _____ licensed beds, _____ of which are Medicare/Medicaid dually certified and _____ of which are Medicaid-only certified. Manager has not received any notice that the number of licensed or Medicare/Medicaid certified beds at the Facility will be reduced.

11.1.13 Provider Agreements. There is no investigation or action pending or, to Manager's Knowledge, recommended by the state or federal agency having jurisdiction thereof, to terminate the participation of the Facility in the Title XIX Program, nor, to Manager's Knowledge, is there any decision not to renew any provider agreement which would have a material adverse effect on the Facility or its operations or business. To Manager's Knowledge, the Facility is in material compliance with all Conditions and Standards of Participation in the Medicare or Medicaid Programs. During the twelve-month period immediately preceding the Effective Date, the Facility has not been placed on "Vendor Hold" except with regard to the change of ownership to Authority and the Facility has not been subject to any disciplinary or punitive actions, or cited for any violations which are likely to lead to the Facility being placed on "Vendor Hold" or similar status or subject to any other disciplinary or punitive actions.

11.1.14 Cost Reports. Manager has filed all cost reports required to be filed with respect to the Facility as of the Effective Date under Title XIX of the Social Security Act; to Manager's Knowledge, all such cost reports have been prepared in all material respects in accordance with and in compliance with all Legal Requirements; and none of such reports included claims for reimbursement for expenses which were not actually incurred by Manager or

for which supporting documentation with respect to the incurrence of such expenses cannot be provided by Manager.

11.1.15 Patients. To Manager's Knowledge, there are no patient care agreements with residents of the Facility or with any other persons or organizations which deviate in any material respect from the standard forms customarily used at the Facility. There are no life care contracts with residents of the Facility. All records at the Facility with respect to patient trust funds are true and correct in all material respects. To the best of Manager's Knowledge, all other patient records at the Facilities are true and correct in all material respects.

11.1.16 Hazardous Materials. To Manager's Knowledge, the Facility is not in violation of any Environmental Laws. During the time in which Manager has operated the Facility, to the actual Knowledge of Manager, neither Manager nor any third party has used, generated, transported, treated, constructed, deposited, stored, disposed, placed or located at, on, under or from the Facility in violation of any Environmental Laws, other than medical waste properly disposed of, (I) any flammable explosives, radioactive materials, hazardous or toxic substances, materials or wastes, pollutants or contaminants defined, listed or regulated by the Environmental Laws or any other federal, state, county or local law, regulation or order or by any common law decision, (ii) any substance, product, waste or other material of any nature whatsoever which may give rise to liability under any Environmental Laws or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability or under any reported decisions of a state or federal court, (iii) petroleum or crude oil other than petroleum and petroleum products which are contained within regularly operated motor vehicles, (iv) asbestos or (v) toxic mold.

11.1.17 Condemnation. There is presently no pending, or to Manager's Knowledge contemplated or threatened, condemnation of the Facility or any part thereof.

11.1.18 Sensitive Payments. Manager has not (I) made any contributions, payments or gifts to or for the private use of any governmental official, employee or agent where either the payment or the purpose of such contribution, payment or gift is illegal under the laws of the United States or the jurisdiction in which made, (ii) established or maintained any unrecorded fund or asset for any purpose or made any false or artificial entries on its books, (iii) given or received any payments or other forms of remuneration in connection with the referral of patients which would violate the Medicare/Medicaid Anti-Kickback Law, Section 1128(b) of the Social Security Act, 42 USC Section 1320a-7b(b) or any analogous state statute or (iv) made any payments to any person with the intention or understanding that any part of such payment was to be used for any purpose other than that described in the documents supporting the payment.

11.1.19 Books and Records. Manager has maintained complete and accurate books and records in the ordinary course of business. Manager's books and records accurately and fairly reflect actual bona fide transactions of Manager regarding the Facility and all such transactions that are material to the Facility.

11.1.20 Surveys and Reports. Complete copies of all survey reports, any waivers of deficiencies, plans of correction, and any other investigative reports issued with

respect to the Facility for the last 24 months have been provided by Manager to Authority , or will be provided to Authority upon its request promptly following execution of this OTA, for examination.

11.1.21 Financial Reports and Disclosures. Upon request, but no more than quarterly, Manager shall furnish or cause to be furnished unaudited (or audited, if available) annual consolidated financial statements of Manager and/or an Affiliate, including the notes thereto, consisting of a consolidated balance sheet at the end of such completed fiscal year and the related consolidated statements of income and expense for such completed fiscal year. All such financial statements shall be prepared in accordance with GAAP consistently applied with prior periods. Manager shall also timely disclose to Authority , any investment market rating changes involving Manager's bonds or other investment instruments or obligations.

11.1.22 Miscellaneous. To Manager's Knowledge, Manager has not failed to disclose to Authority any material and adverse fact or condition of which Manager is aware regarding this Agreement, the Lease, the Management Agreement, the Facility, or the transactions contemplated herein and no representation or warranty by Manager contained in this Agreement and no statement contained in any certificate, list, exhibit, or other instrument furnished or to be furnished to Authority pursuant hereto, or in connection with the transaction contemplated hereby, contains or will contain any untrue statement of a material fact, or omits or will omit to state any material facts which are necessary in order to make the statements contained herein or therein not misleading. All information to be disclosed by Manager hereunder shall be true and correct in all material respects, will not contain any misstatement of any material fact, and shall not omit to state any material fact necessary to make such information not misleading.

11.2 Authority 's Representations and Warranties. To induce Manager to enter into this Agreement, the Sublease, and the Management Agreement, Authority represents and warrants to Manager as follows:

11.2.1 Existence and Power. Authority is duly organized pursuant to _____, and has the power and authority to carry on its business as now and proposed to be conducted and to execute, deliver and perform its obligations under this Agreement.

11.2.2 Authorization. Authority has taken all necessary action to authorize the execution, delivery and performance of this Agreement, the Management Agreement and Sublease, and no other approval, consent, authorization or action is necessary or required in connection with its delivery or performance by or enforcement against Authority . This Agreement, the Management Agreement and Sublease each constitute the valid and binding obligation and agreement of Authority , enforceable in accordance with its terms; and neither the execution and delivery of this Agreement, the Management Agreement and Sublease nor compliance with the terms or provisions thereof, will result in any breach of the terms, conditions, or provisions of, or conflict with or constitute a default under, or result in the creation of any lien, charge, or encumbrance upon any property or assets of Authority pursuant to the terms of any indenture, mortgage, deed of trust, note, evidence of indebtedness,

agreement, or other instrument to which Authority may be a party or by which it or any of its properties may be bound, or violate any provision of law, or any applicable order, writ, injunction, judgment or decree of any court, or any order or other public regulation of any governmental commission, bureau, or administrative agency.

11.2.3 Financial Reports and Disclosures. Upon request, but no more than quarterly, Authority shall furnish or cause to be furnished unaudited (or audited, if available) annual financial statements of Authority , consisting of a balance sheet and the related consolidated of income and expense. All such financial statements shall be prepared in accordance with GAAP or such other basis as reasonably determined by Authority and consistently applied. Authority shall also timely disclose to Manager, any investment market rating changes involving Authority 's bonds or other investment instruments or obligations. Upon request, Authority shall also provide a copy of the trace number issued by the TexNet system at the time of any intergovernmental transfer ("IGT") submittal by Authority .

11.2.4 Litigation and Regulatory Disclosures. Except as disclosed on Schedule 11.2.4, there is no Litigation pending or, to the Knowledge of Authority , any threatened claims, actions, suits, or proceedings pending, against or materially affecting Authority , at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, attorney general's office, agency or instrumentality wherever located, that could reasonably be expected to have a material adverse effect on the Facility or Authority 's obligations under this Agreement, the Management Agreement or the Sublease. Authority agrees to promptly disclose to Manager any of the above described events or circumstances that may arise after execution of this Agreement.

ARTICLE 12. MISCELLANEOUS

12.1 Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

12.2 Expenses. Each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement. Authority and Manager agree to share equally in the cost of preparation of change of ownership applications for licensure, Medicaid and Medicare in necessitated by the execution of the Sublease.

12.3 Applicable Law; Jurisdiction. This Agreement and the rights of the parties hereto shall be governed and construed in accordance with the laws of the State of Oklahoma without regard to conflict of laws. Except in respect of an action commenced by a third party in another jurisdiction, the parties agree that any legal suit, action or proceeding arising out of or relating to this Agreement must be instituted in a State or Federal court in the County in which the Facility is located and they hereby irrevocably submit to the jurisdiction of any such court.

12.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original. Executed counterparts may be delivered by facsimile (and/or Adobe

® PDF), and shall be effective when received, with the original copy sent by overnight delivery service. This Agreement shall be of no force or effect unless and until it has been executed and delivered by both parties.

12.5 Construction. This Agreement has been negotiated by and between Manager and Authority in arms-length negotiations, and all parties are responsible for its drafting. All parties have reviewed this Agreement with appropriate counsel, or have waived their right to do so, and the parties hereby mutually and irrevocably agree that this Agreement shall be construed neither for nor against either party, but in accordance with the plain language and intent hereof. The captions of paragraphs and subparagraphs of this Agreement have been inserted solely for the purposes of convenience and reference, and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

12.6 To the extent permitted by law, each party agrees that any dispute between the parties that arises from this Agreement, or the operation of the Facility, including any action to interpret, construe or enforce this Agreement shall be resolved through binding arbitration. This provision shall not prohibit either Party from seeking any necessary injunctive relief from a court of competent jurisdiction in the County where the Facility is located in connection with any dispute arising from this Agreement or the operation of the Facility. **THE PARTIES KNOWINGLY AND WILLINGLY WAIVE ANY RIGHTS THEY MAY HAVE TO A JURY TRIAL WITH RESPECT TO ANY AND ALL DISPUTES THAT MAY ARISE FROM THIS AGREEMENT OR THE OPERATION OF THE FACILITY.**

12.7 Controversy. In the event of any controversy, claim or dispute between the parties arising out of or relating to this Agreement, the prevailing party or parties shall be entitled to recover from the non-prevailing party or parties its or their reasonable expenses, including, but not by way of limitation, reasonable attorneys' fees and costs of suit.

12.8 Waiver. Waiver by one party of the performance of any covenant, condition or promise of the other party shall not invalidate this Agreement, nor shall it be considered to be a waiver by such party of any other covenant, condition or promise contained herein. The waiver of either or both parties of the time for performing any act shall not be construed as a waiver of any other act required to be performed at a later date.

12.9 Severability. Should any part of this Agreement be declared invalid for any reason, such decision shall not affect or impair the validity of the remaining part or parts hereof, and this Agreement shall remain in full force and effect as to all parts not declared invalid or unenforceable as if the same had been executed with the invalid or unenforceable portion(s) thereof eliminated.

12.10 Entire Agreement. This Agreement, the Sublease and the Management Agreement comprise the entire agreement between the parties hereto with respect to the subject matter hereof and shall be construed together. This Agreement may not be amended, modified or terminated except by written instrument signed by all of the parties hereto.

12.11 No Unintended Beneficiaries. This Agreement is solely between the parties hereto, and shall not create any right or benefit in any third party, including without limitation any patient, creditor, agent, partner, employee or affiliate of Manager, or any entity or agency having jurisdiction of the License, the Facility or the operation of the business therein.

12.12 Survival of Obligations, Representations and Warranties. All provisions herein and all obligations of Manager and Authority pursuant to this Agreement shall survive the Transfer Date.

12.13 Fair Market Value. The parties have requested fair market value opinions as to the rent payable under the Sublease and the Management Fees payable under the Management Agreement. Upon receipt of such opinions, the parties agree to modify any terms of the Sublease or the Management Agreement as may be necessary to ensure that the rent and management fees are consistent with fair market value.

12.14 Regulatory Approval Condition Precedent. Notwithstanding any other provision in this Agreement, the Parties agree that this agreement shall be subject to and shall not become effective until all necessary regulatory approvals have been obtained, including but not limited to approval of certificate of need and licensure in the name of the Authority, approval of management agreement in the form or substantially in the form of the management agreement executed in coordination with this agreement, and any other approvals as required by law. In the event the terms of this Agreement call for an effective date which would otherwise precede the date of such necessary approvals, the effective date shall be postponed until such approvals are obtained by all parties.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the Effective Date.

Authority :

_____,
NSGO
a _____

By: _____
Name:
Its:

MANAGER:

_____,
NURSING HOME COMPANY, (“Seller”)
a _____

By: _____
Name:
Its:

EXHIBIT A

**FORM OF
BILL OF SALE**

In consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NURSING HOME COMPANY, ("Seller"), does hereby grant, bargain, sell, convey, assign and transfer to NSGO, ("Buyer"), and its successors and assigns, all resident records and admission agreements, and provider agreements owned or used by Seller in connection with the operation of NURSING HOME, located in _____ (the "Assets");

TO HAVE AND TO HOLD, all and singular, for Buyer's use and benefit, and Seller hereby represents and warrants to Buyer that Seller has full right, power and authority to sell the foregoing assets and to make this Transfer Agreement, and that the foregoing assets are free and clear of all liens and encumbrances.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN ANY RELATED DOCUMENT OR AGREEMENT TO THE CONTRARY, SELLER IS ONLY TRANSFERRING CERTAIN OPERATING ASSETS OF THE FACILITY AND IS NOT ASSIGNING TO BUYER, NOR IS BUYER ASSUMING FROM SELLER, ANY LIABILITY FOR CLAIMS, COSTS, EXPENSES, CONTRACTUAL ARRANGEMENTS, DUTIES OR OBLIGATIONS, SELLER'S GENERAL, PROFESSIONAL AND OTHER OPERATIONAL LIABILITIES, ERRORS OR OMISSIONS, OR OTHER DUTIES, OBLIGATIONS OR LIABILITIES OF SELLER, ITS AFFILIATES OR ITS PREDECESSORS-IN-INTEREST, WHETHER KNOWN OR UNKNOWN, CONTINGENT OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE OPERATION OF THE FACILITY PRIOR TO _____, 20_____.

Dated to be Effective as of this _____ day of _____, 20_____ or as soon thereafter as all appropriate regulatory approvals have been obtained.

_____,
NURSING HOME COMPANY, ("Seller")
a _____

By: _____
Name:
Its:

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this "Sublease") is made and entered into as of _____, 20_____, by and between NURSING HOME COMPANY, ("Sublandlord"), and NSGO, ("Subtenant").

RECITALS

LANDLORD, ("Landlord") is the owner of that certain real property located at _____, and more particularly described in Exhibit A attached hereto and incorporated herein by this reference, together with all buildings and appurtenances, fixtures, furnishings and equipment located thereon, easements or other rights which may now exist or may be hereafter created for the benefit of such property, known as NURSING HOME, (the "Facility").

B. Landlord and Sublandlord are parties to that certain Lease Agreement dated as of _____, 20_____, (the "Prime Lease") attached hereto and incorporated herein by this reference as Exhibit B, pursuant to which Landlord is the lessor and Sublandlord is the lessee of the Facility.

C. Sublandlord has agreed to sublease to Subtenant, and Subtenant has agreed to sublease from Sublandlord, the Facility.

D. Subtenant will continue to operate the Facility as a skilled nursing facility upon the terms and subject to the conditions set forth in this Sublease.

E. All parties represent and warrant that each has the full authority and approval required to enter this Sublease, agreeing to indemnify and hold the other harmless in the event of any lack of such authority or approval;

F. Capitalized terms used, but not defined, in this Sublease shall have the meaning given them in the Prime Lease.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, the parties hereto agree as follows:

Section 1. General Provisions.

1.1 This Sublease is, and shall be at all times, subject and subordinate to the Prime Lease and to all matters to which the Prime Lease is subject and subordinate. Except as otherwise provided herein, the parties agree that all the terms, covenants and conditions contained in the Prime Lease shall be applicable to this Sublease. Except as otherwise provided herein, Subtenant hereby agrees to fully comply with, or cause to be complied with, for the benefit of Sublandlord, each and every obligation, liability, responsibility and duty of Sublandlord under the Prime Lease arising during the Term.

1.2 Landlord hereby consents to the Sublease, provided that Sublandlord is and shall hereafter remain primarily liable to Landlord, as principal and not as surety, for the prompt payment of rent payable under the Prime Lease and for the prompt performance and observance of all of the covenants, conditions, duties, obligations and liabilities of the tenant under the Prime Lease. Landlord and Sublandlord agree not to amend the Prime Lease in any manner that would materially adversely affect the Subtenant without the written consent of Subtenant.

1.3 For the purposes of this Sublease, wherever in the Prime Lease the word "Landlord" is used it shall be deemed to mean the Sublandlord herein and wherever in the Prime Lease the term "Tenant" is used it shall be deemed to mean the Subtenant herein, unless otherwise provided herein. The rights and obligations of Sublandlord and Subtenant to each other under this Sublease shall be the rights and obligations of the "Lessor" and the "Lessee" to each other under the Prime Lease, which is incorporated herein by reference, except for those provisions in the Prime Lease which are directly contradicted by this Sublease (in which event the terms of Prime Lease shall control over this Sublease). The terms Landlord and Tenant and the terms Lessor and Lessee shall be used interchangeably herein and shall have the same meaning and effect.

1.4 This Sublease is not an assignment of the Prime Lease to Subtenant, and Subtenant does not assume and shall not be liable to any person or entity for obligations arising under the Prime Lease with respect to any period not included in the Term of this Sublease.

1.5 Notwithstanding anything in this Sublease to the contrary, Subtenant shall not have the benefit of, nor be entitled to, any holdover, purchase option, or right of first refusal provisions and rights set forth in the Prime Lease.

1.6 Beginning on the Commencement Date, Subtenant shall pay, or cause to be paid, to Sublandlord monthly sublease rental payments, on or before the 10th day of each month, in an amount equal to the Minimum Rent, as determined (and as may be adjusted) pursuant to Section 4.4 of the Prime Lease (the "**Sublease Rent**"). Rental Amount is subject to adjustment from time to time pursuant to the terms of the Prime Lease and any adjustment of Rental Amount under the Prime Lease shall automatically adjust the Rental Amount payable under this Sublease for the period(s) in question. In addition to Sublease Rent, Subtenant shall pay to Sublandlord, as additional rent for the Facility, all Additional Charges or other charges payable by Sublandlord to the Landlord under the Prime Lease with respect the Facility. Any such amounts shall be due and payable by Subtenant to Sublandlord at the same time such amounts are due and payable by Sublandlord to Landlord.

1.7 The term of this Sublease shall commence on the Commencement Date, as defined in the Management Agreement (defined below), and shall expire on the _____ day of _____, 20____, unless sooner terminated or extended in accordance with the provisions of this Sublease. The term may be extended for successive two (2) year periods upon the mutual agreement of the parties. The terms and conditions during any extended Term shall be the same as the terms and conditions during the initial Term except as may be modified as mutually agreed to by the parties.

1.8 In compliance with _____ of the Prime Lease, Subtenant shall require Sublandlord to maintain all insurance required therein. In the event Landlord elects to rebuild or repair the Facility following damage to or destruction of the Facility, the Minimum Rent to be paid by Subtenant shall be reduced during such period of rebuilding or repair on a pro rata basis of useable beds to total beds times the monthly Minimum Rent then in effect. Subtenant does not assume any liability or obligation under the Prime Lease with respect to any period not included in the Term of this Sublease.

1.9 On even date herewith, Subtenant has entered into a Management Agreement (the "**Management Agreement**") with Sublandlord whereby Subtenant has contracted with Sublandlord to manage the Facility. In compliance with Article 8 of the Management Agreement, Subtenant shall require Sublandlord to replace all items (including worn out personal property) which are necessary to the operation of the Facility or which are required to be replaced by any governmental agency.

1.10 Sublandlord represents and warrants that it has full right and authority to enter into this Sublease and that Subtenant, while fully performing Subtenant's covenants and agreements set forth herein, shall quietly have, hold and enjoy the Facility for the term of this Sublease without interference from Sublandlord, subject to the terms and conditions of this Sublease and the Prime Lease.

Section 2 Termination.

2.1 This Sublease may be terminated: (a) by mutual agreement of the parties; or (b) as otherwise provided in the Prime Lease.

2.2 Notwithstanding anything else to the contrary, in the event the Management Agreement or the Prime Lease is terminated or expires for any reason whatsoever, this Sublease shall simultaneously terminate.

2.3 Notwithstanding any other provision in the Prime Lease or this Sublease, if Subtenant fails to keep, perform or observe any of Subtenant's covenants, agreements, terms or provisions contained in this Sublease, Sublandlord may elect to terminate this Sublease by written notice to Subtenant, in which event Subtenant shall immediately surrender possession of the Facility; and if Subtenant fails to do so, Sublandlord may, without prejudice to any other remedy which Sublandlord may have for possession or arrearages in rental, enter upon and take possession of the Facility and expel or remove Subtenant and any other person who may be occupying said leased premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefore. In such event, Subtenant shall be liable for and shall pay the sum of all rental and other amounts payable pursuant to the terms of this Sublease which have accrued to date of such termination. If Sublandlord fails to keep, perform or observe any of Sublandlord's covenants, agreements, terms or provisions contained in this Sublease, Subtenant's sole and exclusive remedy shall be to terminate this Sublease by written notice to Sublandlord.

2.4 If either party notifies the other of its intention to terminate, or not to renew, this Sublease, then Subtenant shall execute, deliver and file all documents and statements requested by Sublandlord and necessary or desirable to effectuate a transfer of the nursing facility license, Medicaid and Medicare certifications and all other licenses, permits, certifications or approvals necessary or desirable to operate the Facility (the "Permits") to Sublandlord or a replacement operator designated by Sublandlord or Landlord ("New Operator"), subject to required approval of any governmental authority. Subject to applicable laws, Subtenant further shall provide to Sublandlord or the New Operator all information and records requested by either of them that are within Subtenant's possession or control in connection with the transfer of the Permits.

Section 3 Miscellaneous.

3.1 In the event that any party to this Sublease brings suit to enforce any provision of this Sublease or is required to defend any action, the defense to which is any provision of this Sublease, the unsuccessful party agrees to pay to the prevailing party its actual third party costs and reasonable attorneys' fees.

3.2 This Sublease is made and entered into in the State of Oklahoma, and shall in all respects be interpreted, enforced, and governed by and under the laws of that State, without reference to principles of conflict of laws.

3.3 This Sublease, together with the Prime Lease, contains the entire agreement and understanding between the parties concerning the subject matter hereof, and supersedes and replaces all prior negotiations, proposed agreements, and agreements, whether written, oral or implied. Each of the parties hereto acknowledges that no other party, nor any agent or attorney of any other party, has made any promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter hereof, to induce it to execute this Sublease in reliance upon any such promise, representation, or warranty not contained herein.

3.4 All notices to be given by any party to this Sublease to the other parties hereto or thereto shall be in writing, and shall be (a) given in person, (b) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or (c) sent by national overnight courier service with confirmed receipt, each addressed as follows:

If to Sublandlord:

Attn: _____
Telephone No.: _____
Facsimile No.: _____

If to Subtenant:

Attn: _____
Telephone No.: _____
Facsimile No.: _____

3.5 Whenever in this document the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural.

3.6 This Sublease may not be modified except by a writing signed by all parties hereto.

3.7 Each of the parties hereto agrees to undertake its best efforts, including all steps and efforts contemplated by this Sublease, and any other steps and efforts which may become necessary by order or otherwise, to effectuate this Sublease, including, without limitation, the preparation and execution of any documents reasonably necessary to do so.

3.8 The parties may execute this Sublease in two or more counterparts which shall, in the aggregate, be signed by all of the parties; each counterpart shall be deemed an original instrument as against any party who has signed it.

3.9 If any provision of this Sublease or the application thereof to any person or circumstance shall to any extent be finally determined by the applicable fact finder to be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each provision of this Sublease shall be valid and enforceable to the fullest extent permitted by law.

3.10 Subtenant shall not, without Sublandlord's prior written consent, which may be withheld in Sublandlord's discretion, (I) directly or indirectly pledge or permit any lien on this Sublease or any interest therein, (ii) assign any of its rights under this Sublease, either voluntarily or involuntarily, whether by merger, consolidation, dissolution, operation of law, or any other manner, or (iii) sublet or permit any other person to occupy all or any portion of the Facility, except in the ordinary course of business to residents of the Facility using a standard form of resident agreement approved by Sublandlord.

3.11 Venue in any judicial proceeding in regard to this Sublease shall lie in the either Oklahoma County or the County in which the Facility is located.

3.12 Notwithstanding any other provision in this Agreement, the Parties agree that this agreement shall be subject to and shall not become effective until all necessary regulatory approvals have been obtained, including but not limited to approval of certificate of need and licensure in the name of the Subtenant, approval of management agreement in the form or substantially in the form of the management agreement executed in coordination with this Sublease, and any other approvals as required by law. In the event the terms of this Agreement call for an effective date which would otherwise precede the date of such necessary approvals, the effective date shall be postponed until such approvals are obtained by all parties.

(Signature page follows)

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Sublease by their respective officers duly authorized as of the day and year first above written.

SUBLANDLORD:

_____,
NURSING HOME COMPANY
a _____

By: _____
Name:
Its:

SUBTENANT:

_____,
NSGO
a _____

By: _____
Name:
Its:

ACKNOWLEDGED BY LANDLORD FOR THE PURPOSE OF AGREEING TO SECTION 1.02 OF THIS SUBLEASE:

_____,
LANDLORD
a _____

By: _____
Name:
Its:

EXHIBIT A
(Property Description)

Physical Address:

Legal Description:

EXHIBIT B

(Prime Lease)

(See attached)

City Council Study Session

7.

Meeting Date: 05/01/2017

Landmark Annexation request

Submitted For: David Widdoes, City Attorney **Submitted By:** Amy Hoehner, Legal Assistant

Department: Legal

Attachments

Landmark Farm Stables Annex. Req

Email from Susan Craven

Map

April 5, 2017

Mr. David Widdoes
City of Sapulpa
425 E Dewey Avenue
Sapulpa, OK 74066

Dear Mr. Widdoes,

I am requesting that the property owned by Landmark Farm Stables LLC per the attached Warranty Deed, be annexed into the City of Sapulpa. Part of the property has already been annexed into the City of Sapulpa, and we are requesting that the remaining property I own at this location also be annexed into the City of Sapulpa.

Please let me know if you have any questions regarding this request, or if additional information is needed.

Thanks for your assistance in this matter,

A handwritten signature in cursive script, appearing to read "S Cravens".

Susan Cravens
President
Landmark Farm Stables LLC
9300 South 51st West Avenue
Tulsa, OK 74137

From: David Widdoes [dwiddoes@cityofsapulpa.net]
Sent: Wednesday, April 26, 2017 11:32 AM
To: 'Amy Hoehner'
Subject: FW: Landmark Farm Stables LLC

Add to SS agenda

From: David Widdoes [mailto:dwiddoes@cityofsapulpa.net]
Sent: Thursday, April 06, 2017 8:50 AM
To: 'sus1113@aol.com' <sus1113@aol.com>
Subject: RE: Landmark Farm Stables LLC

Susan,

There are many issues I need to research to be able to respond to your request for information. I hope to have a response early next week.

david

From: sus1113@aol.com [mailto:sus1113@aol.com]
Sent: Thursday, March 30, 2017 9:25 AM
To: dwiddoes@cityofsapulpa.net
Subject: Landmark Farm Stables LLC

Hi David,

I called yesterday to get information on having our farm annexed into the City of Sapulpa. I have some questions before I move forward. I am going to tell you the reason for this request and hope you can provide me answer to my questions. Thirteen years ago when we started our farm, we had to go before the Creek County Board of Adjustment to receive a "permitted use". To this day, I do not understand why I needed to get a "permitted use" to have an agricultural activity on my land that is zoned A1. But we went through the process, and were given 5 conditions for our "permitted use". All of those conditions were met, except for the condition of a road maintenance agreement with the neighbors.

Since two of the neighbors had filed a lawsuit against us, the CCBOA left the road maintenance condition to be resolved by the court. The case as eventually dismissed, the neighbors refused to sign a road maintenance agreement, and we continued to operate with no problems until two years ago.

At that time, four more people bought land and built houses, and found that we had never completed the final condition of a road maintenance agreement with all of the neighbors. The new neighbors went to

the CCBOA with their complaint, we were called in for a compliance review, and given the task of getting a road maintenance agreement signed by all the neighbors, or we would be shut down by the CCBOA. We hired John Mark Young to write a very generous road maintenance agreement, the neighbors refused to sign the road maintenance agreement, and on Tuesday, the CCBOA revoked our "permitted use", and put us out of business. Since we have a considerable investment in our farm, we will be financially devastated by this action.

Now my questions to you -

1. If we are annexed into the City of Sapulpa, will this take us out from under the control of the CCBOA?
2. Would we be able to continue to operate our riding academy?
3. What permits, etc., would be required by the City of Sapulpa?

As a backup to the road maintenance agreement issue, we have gotten a road maintenance agreement with D Exxon - the oil company that operates the lease on all of the property in our area. They have agreed to share the road maintenance with us so the road to our property will be well maintained by us and D Exxon.

Any help you can give us in the matter will be greatly appreciated.

Thanks,

Susan Cravens
Landmark Farm Stables LLC



City Council Study Session

8.

Meeting Date: 05/01/2017

Annexation Senegence

Submitted For: David Widdoes, City Attorney **Submitted By:** Amy Hoehner, Legal Assistant

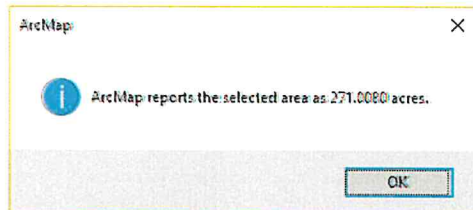
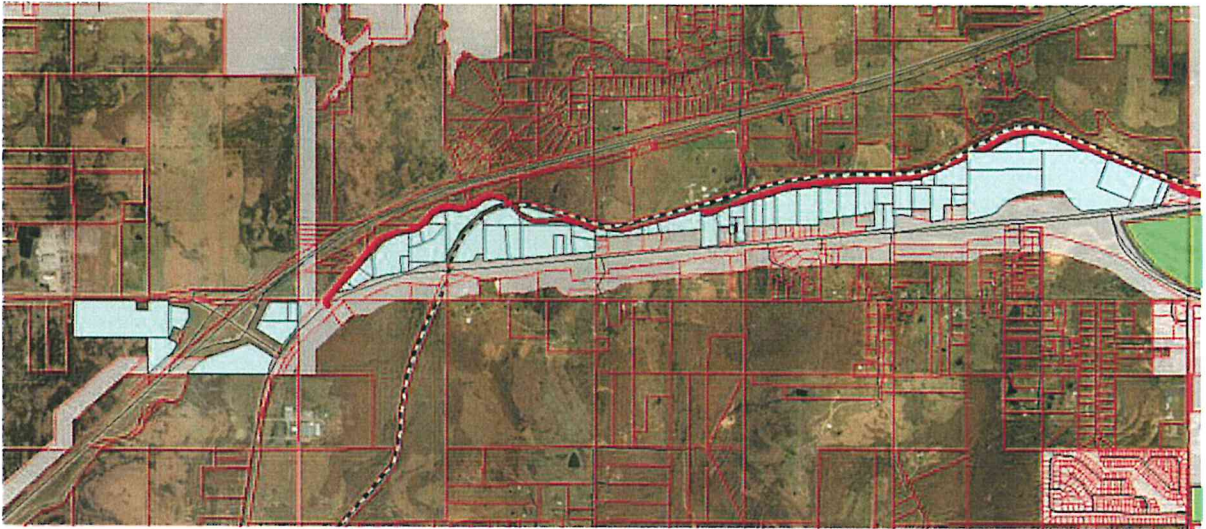
Department: Legal

Attachments

Senegence Annexation

Properties all south of the east/west railroad tracks and all properties south of Ozark Train/Old Route 66, from the VFW west to the western intersection of Ozark Trail and Highway 33/66.

Also 6 parcels that are all surrounding the Turnpike junction on the east, west and south sides.



City Council Study Session

9.

Meeting Date: 05/01/2017

Annexation 81st and Frankhoma 67 acres

Submitted For: Joan Riley, City Manager

Submitted By: Amy Hoehner, Legal Assistant

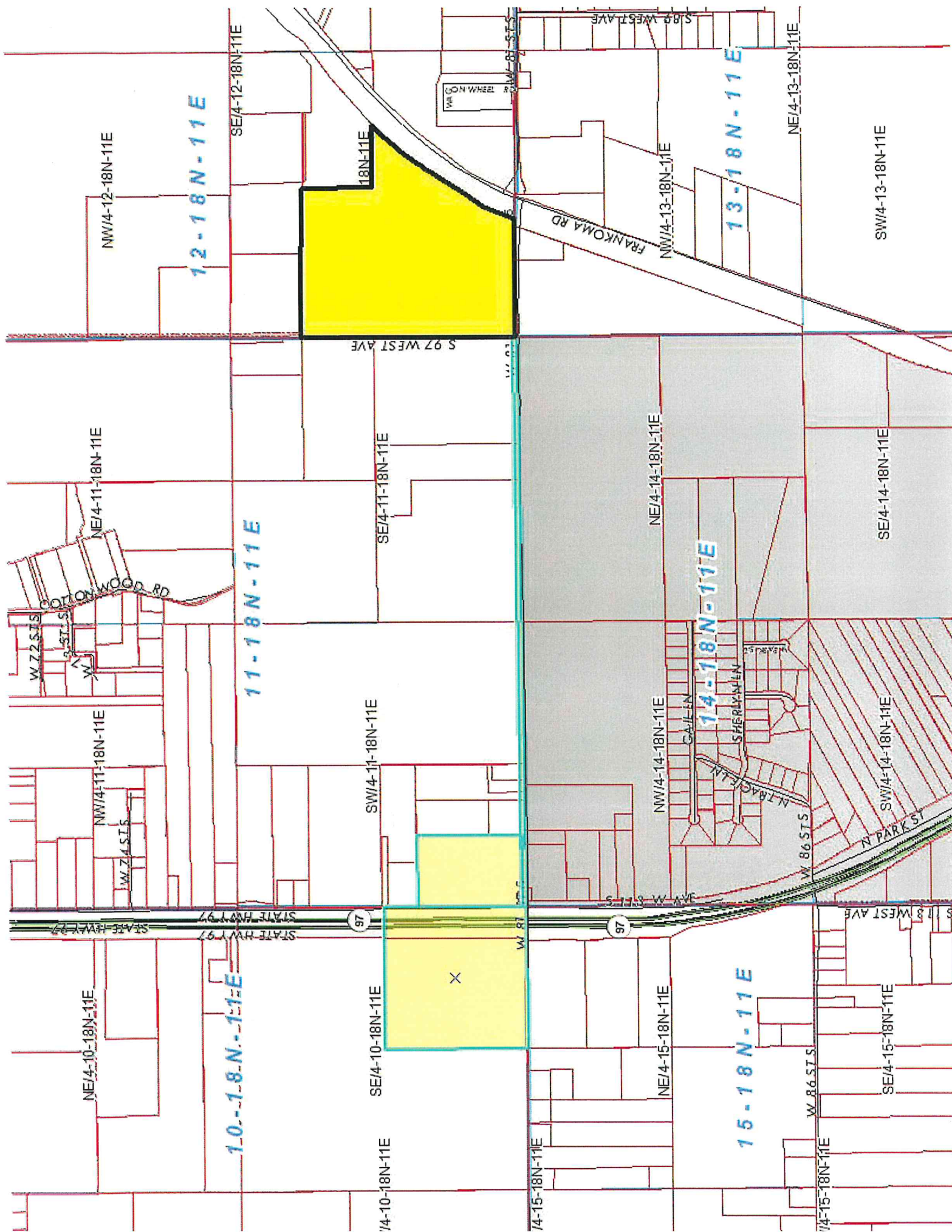
Department: Legal

Attachments

81 and Frankoma Annex Map

81 and Frankoma Annex Map

Annexation 81st-HW 97Reso



12-18N-11E

11-18N-11E

14-18N-11E

13-18N-11E

10-18N-11E

15-18N-11E

NW/4-12-18N-11E

SE/4-12-18N-11E

18N-11E

COTTON WHEEL

S 89 WEST AVE

NE/4-13-18N-11E

SW/4-13-18N-11E

W 72 STS
W 71 STS
W 70 STS

NE/4-11-18N-11E

S 92 WEST AVE

SE/4-11-18N-11E

NE/4-14-18N-11E

SE/4-14-18N-11E

W 74 STS
W 73 STS

NW/4-11-18N-11E

SW/4-11-18N-11E

NW/4-14-18N-11E

SW/4-14-18N-11E

STATE HWY 97

NE/4-10-18N-11E

10-18N-11E

SE/4-10-18N-11E

X

1/4-15-18N-11E

NE/4-15-18N-11E

15-18N-11E

SE/4-15-18N-11E

W 86 STS

1/4-15-18N-11E

STATE HWY 97

STATE HWY 97

S 118 WEST AVE

W 87 STS

1/4-15-18N-11E

NW/4-14-18N-11E

CAVLEIN

SHERMAN

N FRAGLEIN

W 86 STS

N PARK ST

FRANKOMA RD

RESOLUTION NUMBER _____

A RESOLUTION OF THE CITY OF SAPULPA, OKLAHOMA, DIRECTING NOTICE OF PROPOSED ANNEXATION INTO MUNICIPAL LIMITS OF CERTAIN TERRITORY LOCATED IN SW/4 of SECTION 12, TOWNSHIP 18 NORTH, RANGE 11 EAST, CREEK COUNTY, OKLAHOMA; AND AUTHORIZING AND DIRECTING THE PROPER OFFICIALS OF THE CITY OF SAPULPA TO IMPLEMENT PROCEEDINGS REQUIRED TO CONSIDER AND ACT UPON SUCH ANNEXATION; AND DECLARING AN EMERGENCY.

WHEREAS, under 11 O.S. § 21-103 et seq., the City of Sapulpa, Oklahoma ("City") may annex any territory adjacent or contiguous to the City where the owner of at least a majority of the acres to be annexed have consented in writing to be annexed to the municipality; and

WHEREAS, the following described unincorporated territory is located in Creek County, Oklahoma, and is adjacent or contiguous to property already within the municipal limits of the City, to-wit:

Beginning at the Southwest Corner of Section 12, Township 18 North, Range 11 East; thence North 01°09'19" West 1980.0'; thence North 89°05'31" East 1420'; thence South 01°49'07" East 650.34'; thence South 88°51'33" West 100.0'; thence South 01°04'20" East 808.38' to the Railroad R/W, thence along Railroad R/W 589.90' to the South line of said Section 12, thence South 88°59'11" West 1043.97' to the point of beginning, Creek County, State of Oklahoma, according to the U.S. Government Survey thereof.

AND

*******Possible legals for other tracts including 81st row*******

Section 11, Township 18 North, Range 11 East, SW4, SW4, SW4 and S2, NW, SW, SW (15.1 Acres)

The south 40 feet of Section 11, Township 18 North, Range 11 East (4.84 Acres)

Section 10, Township 18 North, Range 10, SE4 of the SE4. (39.78 Acres)

(hereinafter the "Territory"),

WHEREAS, after due consideration of the facts and being sufficiently advised, the City Council hereby finds that the owners of at least a majority of the acres of the Territory have consented in writing to be annexed to and into the corporate limits of the City of Sapulpa.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, CITY OF SAPULPA, OKLAHOMA, AS FOLLOWS:

Section 1. It is hereby declared to be necessary for the public health, safety and welfare of the inhabitants of the City of Sapulpa and the Territory that annexation proceedings be instituted to consider bringing the Territory within the municipal limits of the City of Sapulpa, and a public hearing on such annexation shall be held by the City Council after all appropriate notices have been published and mailed in compliance with statutory mandate. All proper officials of the City are hereby authorized and directed to institute the necessary proceedings to implement said annexation proceedings for the purposes stated.

Section 2. The City Clerk is hereby authorized and directed to cause notice of the proposed annexation of the Territory to be published in a legally qualified newspaper of general circulation in the Territory and a copy of said notice to be mailed as required by 11 O.S. Section 21-103, *et seq.* The notice to be published and mailed shall be in substantially the same form as the proposed notice attached hereto as Exhibit A and incorporated by reference.

Section 3. That an emergency is hereby declared to exist for the preservation of the public peace, health and safety, by reason whereof this Resolution shall be in full force and effect immediately from and after its adoption and approval as provided by law.

ADOPTED by the City Council of the City of Sapulpa, Oklahoma this ____ day of _____, 2017, with emergency measure separately voted upon.

REG GREEN
Mayor

ATTEST:

Shirley Burzio
City Clerk

APPROVED AS TO FORM:

David R. Widdoes
City Attorney

City Council Study Session

10.

Meeting Date: 05/01/2017

Status of Committees

Submitted For: Joan Riley, City Manager

Submitted By: Amy Hoehner, Legal Assistant

Department: Legal

