

**AGREEMENT OF LEASE**

**Between**

**MORRIS COUNTY IMPROVEMENT AUTHORITY,**

**Lessor**

**- and -**

**MORRIS VIEW MANAGEMENT CO, LLC, D/B/A MORRIS VIEW HEALTHCARE  
CENTER**

**Lessee**

THIS AGREEMENT OF LEASE (this "Lease"), is made as of 12:01 a.m. on this \_\_\_\_\_ day of July, 2017 by and between MORRIS COUNTY IMPROVEMENT AUTHORITY, a New Jersey public body corporate and politic, having an address of P.O. Box 900, Morristown, NJ 07963-0900 ("Lessor") and MORRIS VIEW MANAGEMENT CO, LLC, D/B/A MORRIS VIEW HEALTHCARE CENTER, a New Jersey limited liability company, having an address of 115 Dutch Lane Road, Freehold, NJ 07728 ("Lessee") (Lessor and Lessee are hereinafter sometimes referred to as each, a "Party" and collectively, the "Parties").

### BACKGROUND

A. Lessor has acquired possession of the Premises, as depicted on Exhibit "A" (of which the Leased Premises (as hereinafter defined) is a portion thereof) on or before the date hereof, from the County of Morris, New Jersey (the "County") and possession of certain other assets including furniture, fixtures, equipment and inventory, from the County pursuant to a County Lease and Assignment Agreement dated even date herewith (the "Assignment Agreement").

B. Lessor issued a Request for Proposals for Lease of the Morris View Healthcare Center, dated March 3, 2017, as amended (the "RFP"), a copy of which is attached hereto as Exhibit "B", and is incorporated into this Lease, pursuant to which the Lessee provided a response to such RFP (the "Response").

C. Lessor accepted the Response from the Lessee and pursuant to Resolution No. 17-2, dated June 28, 2017, has agreed to sublease the Lease Premises (as hereinafter defined) the Equipment (as hereinafter defined) to Lessee and transfer the business, (all collectively referred to as "Facility") in accordance with this Lease.

### WITNESSETH:

Lessor, in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of Lessee, its successors and assigns, to be paid, kept and performed, does hereby lease, rent, let and demise unto Lessee, and Lessee does hereby take and hire, upon and subject to the conditions hereinafter expressed, so much of the land and building located at 540 West Hanover Avenue, Morris Plains, New Jersey, and more particularly described on Schedule "A" annexed hereto and made a part hereof (hereinafter referred to as the "Lease Premises") and the fixtures, and equipment and furniture installed and to be installed in the Lease Premises are sometimes hereinafter collectively referred to as the "Equipment", all as set for in Exhibits D and E of the RFP. The Facility is leased subject to the following:

- a. Zoning regulations and zoning ordinances of Morris Plains, New Jersey;
- b. All covenants, reservations, restrictions, rights-of-way, agreements and/or easements of record existing as of the date hereof, and all such matters which are subsequently created provided the same do not materially interfere with the use of the Lease Premises as a nursing home (the "Use") or, upon the Lessee's prior written consent, such covenants, reservations, restrictions, rights-of-way, agreements and/or easements of record existing as of the date hereof, and all such matters which are subsequently created do materially interfere with the Use;

c. The liens of current real estate taxes, water rates, water meter charges, water frontage charges, sewer taxes, rents and charges, accrued or unaccrued, fixed or not fixed; and

d. Such other matters as are set forth on Schedule A.

TO HAVE AND TO HOLD the Facility unto Lessee, its permitted successors and assigns, for a term (the "Term"), to commence on the Effective Date (hereinafter defined) and to expire at midnight on the date Fifteen (15) years from the Effective Date (the "Expiration Date") or until the Term shall sooner cease and expire under the provisions hereof. Provided however, and assuming there is no Event of Default under this Lease and the Lease has not otherwise been terminated, the Lessee shall have the right, upon one hundred and twenty (120) days written notice prior to the Initial Expiration Date to the Lessor, to renew the lease for one (1) additional four (4) year term, after which the lease shall expire at midnight on the date of nineteen (19) years from the Effective Date, and such date shall become the Expiration Date.

The Effective Date shall be defined as the date on which Lessee receives a license from the New Jersey Department of Health to operate a nursing home at the Lease Premises (the "Nursing Home License"), and all other federal, state, county, and local permits and approvals necessary for Lessee's operation of a nursing home in the Lease Premises.

Lessee acknowledges that Lessor has made no representations or warranties with respect to the Facility, its operations and related assets. In entering into this Lease, Lessee will accept the Facility "AS IS" and is relying on its own due diligence review.

Lessor will not cause any additional encumbrances to be placed against the Premises, other than as related to financing, which would interfere with Lessee's use, access and enjoyment of the Lease Premises, without Lessee's consent, which consent shall not be unreasonably withheld.

This Lease is made on the following covenants, agreements, terms, provisions, conditions and limitations, all of which Lessor and Lessee covenant and agree to perform and observe.

## ARTICLE 1 RENT

1.01 (a) Lessee covenants and agrees to pay to Lessor an annual net rental determined in accordance with the provisions of Article 1.02 of this Lease (the "Rent"), in equal monthly installments, unless otherwise noted herein, each payable in advance on the first (1st) day of each calendar month during the Term commencing on the Effective Date. The Rent shall be paid to Lessor without notice or demand and without abatement, deduction or set-off, except as hereinafter expressly provided. Payments of Rent shall be made by a good and sufficient check payable to the order of Lessor as provided in Section 1.01(b) below, or to such other agent or at such other address as Lessor may furnish as herein provided during the Term.

(b) All payments of Rent shall be paid to Lessor at its address at P.O. Box 900, Morristown, New Jersey 07963 or at such other address of which Lessee shall have been given prior written notice. Each payment of Rent shall be made in such manner as to be actually received by Lessor by not later than the 1st day of each month, but no later than the 10<sup>th</sup> day of each month, in advance.

1.02 During the first year of the Term, the Rent shall be One Hundred Ninety Seven Thousand Two Hundred Eighty Three Dollars (\$197,283) per month (the “Monthly Rent”). The Rent shall increase 2% annually in each subsequent year of the Term, and any extension thereto, based upon a notional Rent amount of Two Million Three Hundred Sixty Seven Thousand Three Hundred Ninety Six Dollars (\$2,367,396) during the first year of the Term.

1.03 The installment of Rent for the fractional period of any month of this Lease shall be prorated.

1.04 Lessor shall provide Lessee with a credit against Rent for residents residing in the Facility as of the Effective Date in the amount of \$77,000 for the first year of the Term. In each year of the Term thereafter, the Lessor shall provide the Lessee with a credit against Rent in the amount of \$77,000, reduced by the percentage of residents still residing Facility as of the anniversary of the Effective Date who were residing in the Facility as of the Effective Date.

## ARTICLE 2

### ADDITIONAL RENT

2.01 Lessee shall, during the Term, as additional rent (the “Additional Rent”), pay and discharge, except as hereinafter provided in Article 2.03, within twenty (20) days after the same shall become due and payable but in no event later than the date when same may become delinquent (or, if the bills therefor are directed to Lessor rather than the Lessee, within ten (10) days after Lessor’s submission of such bills to Lessee), an amount or amounts equal to (or apportioned on a pro-rata basis), as of the Effective Date of this Lease: (i) all professional fees, inclusive of any consulting and attorney’s fees incurred by the Lessor and the County associated with this Lease and the transactions contemplated herewith (of which the parties agree is \$671,372.12 and is due upon the execution of this Lease); (ii) all real property taxes, if any, levied against the Lease Premises, assessments and water rents, rates and charges, sewer rents, charges of utilities and communication services serving the Lease Premises (as set forth in the RFP), and any other governmental impositions and charges of every kind and nature whatsoever, general and special, extraordinary as well as ordinary, foreseen and unforeseen and each and every installment thereof (except those due before the Effective Date which is responsibility of Lessor) and all fees and charges of public and governmental authorities for construction, maintenance, occupation or use of the Lease Premises or in respect of the construction, maintenance or use of any part of any building, demised hereunder within the limits of any street, which shall or may during the Term, and accruing only with respect to the Term, be charged, laid, levied, assessed or imposed upon or against, or otherwise become due and payable in respect of, the Lease Premises or any part thereof, or of any buildings, appurtenances or equipment thereon or therein or any part thereof; (iii) all sales, value added, use and similar taxes levied, assessed or payable on account of the leasing or use of the Lease Premises; and (iv) all taxes charged, laid, levied, assessed or imposed in lieu of any of the matters described in clauses (i) through (iii) aforesaid, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, orders, directions, rules or regulations of the Federal, State, County and Municipal government and of all other governmental authorities whatsoever. Lessee shall, within ten (10) days after its receipt of the same, produce and exhibit to Lessor receipted bills or sufficient and adequate copies of same, as proof of payment of the items enumerated above. Without affecting Lessee’s obligation to make

payment as aforesaid, Lessee shall indemnify and hold Lessor harmless from and against any liability with respect to the foregoing charges to the extent that Lessee is responsible therefor under this Lease.

2.02 Lessee shall have the right to contest or review by legal proceedings, or in such other manner as it may deem suitable (which, if instituted, Lessee shall conduct promptly at its own expense and free of any expense to Lessor, and, if in Lessee's opinion necessary, in the name or Lessor), and compromise or settle any tax, assessment, provided that such contesting or review will not subject Lessor to civil or criminal penalties of any nature and upon condition that before instituting any such proceedings, if the contested items shall not have been paid, Lessee shall furnish to Lessor a surety bond written by a corporate surety company duly licensed to do business in the State of New Jersey and reasonably acceptable to Lessor, sufficient to cover the full amount of the contested items together with all interest and penalties for the period which such proceedings may reasonably be expected to take, securing payment of such contested items, interest and penalties and all costs in connection therewith, and upon the furnishing of such surety bond Lessee shall not be deemed to be in default in the payment or such contested items. Notwithstanding the provisions of the foregoing sentence or the furnishing of any such surety bond, Lessee shall promptly pay all such items if at any time the Lease Premises or any part thereof or any of the Rent, any of the Additional Rent or any other amounts payable hereunder shall be in danger of being forfeited or lost by reason of such nonpayment, or if such nonpayment would subject Lessor to civil or criminal penalties of any nature, and upon such payment in full any such surety bond may be canceled and discharged. The legal proceedings herein referred to shall include appropriate certiorari proceedings and appeals from orders therein and appeals from any judgments, decrees or orders, but all such proceedings shall be begun as soon as is reasonably possible after the imposition or assessment of any contested item and shall be prosecuted to final adjudication in good faith and with due diligence. Lessor shall, upon request of Lessee, join as a party in any such proceedings and shall execute, at the request of Lessee, all of such documents as shall be reasonably necessary to prosecute such proceedings; provided that Lessee shall reimburse Lessor for any out-of-pocket expenses (including reasonable attorneys' fees) incurred by Lessor in connection therewith. In the event of a final adjudication or settlement of any such contested item, Lessee shall promptly pay the amount finally levied or assessed against the Lease Premises or adjudicated to be due and payable on any such contested item plus any interest and penalty to be paid on the entire amount unpaid, and upon such payment in full and proof of such payment to Lessor within twenty (20) days after such payment, any such bond may be canceled and discharged, and if there shall be any refund with respect thereto Lessee shall be entitled to such refund.

2.03 The Rent, the Additional Rent and all other sums payable by Lessee hereunder shall be paid without notice, demand (except as otherwise expressly provided in this Lease), counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction conditioned by the absence of default by Lessor, after notice and opportunity to cure, and the obligations and liabilities of Lessee hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (a) any damage to or destruction of or any condemnation of the Lease Premises or any part thereof; (b) any restriction or prevention of or interference with any use of the Lease Premises or any part thereof; (c) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Lessor or any assignee of Lessor's interest in this

Lease, or any action taken with respect to this Lease by any trustee or receiver of Lessor or of such assignee, or by any court, in any such proceeding; (d) any claim which Lessee has or might have against Lessor or any such assignee; (e) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Lessee shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Lessee waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or the Lease Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of the Rent, the Additional Rent or any other sum payable by Lessee hereunder. Lessee shall pay to Lessor interest at the rate of six (6%) percent per annum (the "Default Rate"), from time to time, on all overdue Rent or Additional Rent from the 15th day of the month until paid.

### ARTICLE 3

#### MAINTENANCE: COMPLIANCE WITH LAWS

3.01 Except as otherwise set forth herein, Lessor shall not be required to make any expenditure whatsoever in connection with the Lease Premises or to repair or maintain the Lease Premises in any way during the Term, and Lessee shall at all times be responsible for all ongoing maintenance and upkeep at the Lease Premises, including capital improvements within the Lease Premises at the Lessee's sole cost and expense. The Lessor shall keep and maintain and replace as necessary the major building systems within the facility including the boiler room, electrical, plumbing, sewer, HVAC, elevators, cooling towers, generators, fire systems, sprinkler systems, fire suppression and alarm and prevention systems, generator, structural (load bearing walls, exterior, roof, slab if any) and architectural as well as outside and common areas (including landscaping and snow and ice removal), structurally or otherwise, as well as maintain sidewalks, parking areas or lots, courtyard and patio, and grounds or streets in front or appurtenant to the same, in good and substantial order and repair, and shall provide security guards for the Premises and Lease Premises in substantially the same form in place upon the Effective Date, provided however any modifications required to such major building systems due to modifications or changes in the Lease Premises initiated by Lessee, shall be the responsibility of the Lessee. Lessee shall promptly repair and/or replace, as reasonably required, any and all Equipment and fixtures within the Lease Premises, and maintain the Lease Premises, including maintaining pest control for the Lease Premises, in order to maintain the operations of the Facility in substantially the same manner as on the Effective Date of this Lease, and shall be responsible for any and all repairs and or replacements of fixtures or Equipment not required to be maintained by the Lessor above. Subject to Lessor's obligations set forth above, Lessee shall comply with all laws, ordinances, orders, regulations, rules and requirements of every kind and nature, now or hereafter enacted, made or issued, foreseen or unforeseen and whether the same or any of them relate to any ordinary or extraordinary, nonstructural, changes or requirements to or in and about the Lease Premises, or fixtures or Equipment or to changes or requirements incident to or the result of any use or occupation thereof as a nursing facility, of all municipal, county, state and federal authorities, and each of them, their bureaus and departments (all of foregoing being hereinafter sometimes referred to as the "Legal Requirements"), and of the Board of Fire Underwriters or any other Board or Fire Exchange for standard fire or other insurance policies having jurisdiction over and relating to the Lease Premises, structure(s) and improvements thereon, and of all other contracts, agreements, covenants, conditions and restrictions applicable to the Lease Premises or the ownership or use thereof or any Equipment or improvements and shall pay any and all costs and expenses incident

to such compliance, and shall indemnify and save harmless Lessor of and from all costs, expenses, claims and damages (including attorneys' fees) by reason of any notice, orders, rules, regulations, requirements, violations or penalties filed against or imposed upon the Lease Premises, or any part thereof, or against Lessor as owner thereof, because of the failure of Lessee to comply with this covenant. Lessor and its agents and other representatives shall also have the right to enter into and upon the Lease Premises or any part thereof, without notice for the purpose of making such emergency repairs or undertaking such maintenance or restoration therein as may be necessary to prevent imminent loss or damage to the Lease Premises. Lessee shall comply with the terms of the system capital plan for the Lease Premises attached hereto as Exhibit "C", and shall provide a new system capital plan for the Lease Premises no later than one (1) year prior to the expiration of any system capital plan. Lessor is not under any obligation to make any repairs, alterations, replacements and improvements to any portion of the Lease Premises other than set forth in the RFP; however, in case of the neglect or default of Lessee in making the same, Lessor may do so after giving Lessee written notice and opportunity to cure, without waiving any of its other rights or remedies, and the provisions contained in Article 8.01 of this Lease shall apply.

#### ARTICLE 4

#### INDEMNIFICATION

4.01 Lessee shall defend all actions against Lessor, and its employees and any of its officers and shall indemnify and hold Lessor, and any of its respective employees and officers, harmless from and against any and all claims, damages, suits or causes of action for damages arising after the commencement of and during the Term, and any orders, decrees or judgments which may be entered therein, brought for damages or alleged damages resulting from any injury to person or property or from loss of life sustained in or about the Lease Premises, structure(s), Equipment and improvements thereon, in front of or appurtenant thereto, by any person or persons whatsoever. Lessor shall not be liable for any personal injuries or damages to Lessee, its agents or employees, or to any other persons or to any occupant of any part of the Lease Premises, or for any injury or damage to any goods, wares, merchandise, equipment or property of Lessee, or of any occupant of any part of the Lease Premises, irrespective of how the same may be caused, except for where such action is caused by the Lessor's negligence or willful misconduct. Lessee shall indemnify and save harmless Lessor and each officer of and from any and all liabilities, loss, damage or expense, causes of action, suits, claims and judgments, including reasonable legal expenses in connection with defending against such actions, suits or claims, arising from injury to, or death of, persons or property of any and every nature and for any matter or thing growing out of the ownership, possession, use, management, or occupation of the Lease Premises, or any part thereof, only accruing with respect to the Term, or arising or growing out of the possession, use, management or occupation of the Lease Premises occasioned by Lessee, its agents, employees or occupants of any part of the Lease Premises, or by its agents, employees or invitees, respectively, or which may be occasioned by any person or thing whatsoever, or which may be caused by the operation of any governmental authority having jurisdiction thereof, or any of its departments, bureaus, etc., in construction of any public work, or of any other matter, at any time during the Term, but only to such matter accruing during the Term. Notwithstanding the foregoing, Lessee shall not be obligated to indemnify Lessor or the County, on or their respective employees and officers from and against their own negligence, intentional misconduct or wrongful acts.

## ARTICLE 5

### INSURANCE

5.01 Lessor shall, throughout the Term, at the Lessee's sole cost and expense which shall be paid as Additional Rent, insure against loss or damage or injury or destruction of the Lease Premises, the Equipment or improvements now or resulting from fire or from any hazard included in the so-called extended coverage endorsement (including plate glass insurance, sprinkler leakage, collapse and vandalism and malicious mischief, also known as "All Risks of Physical Loss") which coverage shall be in an amount equal to at least the amount in place as of the commencement of the Term and shall name the Lessee as additional insured.

5.02 Lessee shall provide and maintain insurance for loss or damage by explosion of steam boilers, pressure vessels or similar apparatus now or hereafter installed on or about the Lease Premises. Said insurance shall be on a Boiler and Machinery Broad Form Policy in an amount which equals or exceed such amount as is then customary for property similar in use to the Lease Premises, but not less than \$250,000 on a repair and replacement basis, with use and occupancy coverage for at least 120 days, plus Bodily Injury.

5.03 Lessee shall provide and maintain general liability insurance protecting and indemnifying the Lessor against all claims for damages to person or property or for loss of life or of property occurring upon, in, or about the Lease Premises, the streets, gutters, sidewalks, curbs, or vaults adjacent thereto, to such limits as the Lessor may reasonably, from time to time, require, provided that such insurance shall have minimum limits of \$3,000,000 for bodily injury or death to anyone person, or \$5,000,000 for anyone accident, of \$1,000,000 for property damage, or in such greater amounts as are then customary for property similar in use to the Lease Premises.

5.04 Lessee shall provide and maintain all such worker's compensation or similar insurance in respect to the operation, maintenance, protection, repair, alteration or reconstruction of the Lease Premises, the equipment, structure(s) or improvements now or hereafter erected thereon as is required by law and to the extent necessary to protect Lessor against worker's compensation claims.

5.05 Lessee shall provide and maintain such other insurance against other insurable hazards in such amounts as are commonly insured against with respect to similar premises, due regard being given to the height and type of construction, location, use and occupancy.

5.06 Lessee shall provide and maintain insurance against loss of rental, under a rental value insurance policy covering risk of loss due to the occurrence of any of the hazards described in Articles 5.01 and 5.02 above, or as may be related to the occurrence of any of the hazards to be insured against pursuant to Article 5.05, in an amount equal to the aggregate of the Rent plus the amount of any Additional Rent that Lessee is required to pay for the period of twelve (12) months next following the occurrence of the insured casualty. If no tax rate has then been established for such period, Additional Rent shall be computed based upon the most recent tax rate established.

5.07 The policies or certificates for all insurance (except policies, if any, in respect to workmen's compensation insurance) maintained by Lessee pursuant to this Article 5 shall: (a) name as insured, as their respective interests may appear, Lessor, Lessee; (b) provide that no cancellation, reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt of written notice thereof, by Lessor; (c) shall be written by insurance companies of nationally recognized financial standing legally qualified to issue such insurance in the State of New Jersey.

5.08 Lessee shall deliver to Lessor, or as Lessor shall direct, (a) upon the commencement of the Term, certificates of insurance, together with evidence as to the payment of all premiums then due thereon, and (b) at least thirty-five (35) days prior to the expiration of any such policies, evidence as to the renewal thereof and the payment of all premiums with respect thereto. Lessee shall also deliver to Lessor, or as Lessor shall direct, promptly upon request, a certificate setting forth the particulars as to all such insurance policies and certifying that the same comply with the requirements of this Article 5 and that all premiums then due thereon have been paid. Lessee shall not obtain or carry separate insurance, concurrent in form or contributing in the event of loss, with that required to be maintained under this Article 5, unless Lessor is named insured, with loss payable as provided herein. Lessee shall immediately notify Lessor whenever any such separate insurance is obtained and shall deliver to Lessor the policies or certificates evidencing the same.

5.09 Upon the failure at any time on the part of Lessee to procure and deliver to Lessor, as the case may be, any of the policies of insurance or certificates as hereinabove provided, at least thirty-five (35) days before the expiration of the prior insurance policies, if any, or to pay the premiums therefor, Lessor shall have the right from time to time, as often as such failure shall occur, without further notice to Lessee, to procure such insurance for a term not exceeding one (1) year and to pay the premiums therefor, and any sums paid for insurance by Lessor shall be and become and are hereby declared to be Additional Rent under this Lease, forthwith due and payable, and shall be collectible accordingly.

5.10 Lessor and Lessee shall each procure an appropriate clause in, or endorsement on, any fire or extended coverage insurance policy covering the Premises and the building(s), structure(s), improvements and personal property, fixtures and equipment located thereon or therein (including policies effected by Lessor), pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery, and, having obtained such clauses and/or endorsements of waiver of subrogation or consent to a waiver of right of recovery, each Party hereby agrees that it will not make any claim against, or seek to recover from, the other for any loss or damage to its property or the property of others resulting from fire or other perils covered by such fire and extended coverage insurance; provided, however, that the release, discharge, exoneration and covenant not to sue herein contained, shall be limited by the terms and provisions of the waiver of subrogation clauses and/or endorsements or clauses, and/or endorsements consenting to a waiver of right of recovery, and shall be co-extensive therewith.

5.11 All of the policies of insurance which the Lessee shall be required, pursuant to this Article 5 to provide and maintain, are herein sometimes referred to as the "Insurance Requirements".

5.12 The requirements of this Article 5 shall not be construed to negate, modify or satisfy Lessee's obligations under Article 4, except to the extent discharged by insurance payments received by Lessor.

## ARTICLE 6

### DESTRUCTION AND DAMAGE

6.01 If, during the Term, the structure(s), improvements or the Equipment on, in or appurtenant to the Lease Premises at the commencement of the Term, or thereafter erected thereon or therein, shall be destroyed or damaged in whole or in part by fire or other cause, Lessee shall give to Lessor within three (3) business days after such occurrence, notice thereof by courier guaranteeing overnight delivery. Upon receipt of such notice the Lessee and the Lessor shall have such rights and obligations as set forth in this Article 6.

6.02 In the event that the damage due to fire or other casualty is so substantial that in Lessee's good faith opinion the damage would: (i) make the Lease Premises unusable for its intended Use; or (ii) reduce the number of Facility Beds (as hereinafter defined) to less than 225 then Lessee shall have the option to cancel this Lease by giving written notice (the "Cancellation Notice") to Lessor within ninety (90) days following any such occurrence. Then on the first day of the month following the month on which the Cancellation Notice was received, this Lease shall be terminated, except that Lessee shall be liable to Lessor for the Rent and all other obligations accrued prior to the date when the Term shall cease and expire as aforesaid. In the event that the Lease Premises shall be partially damaged by fire, the elements or other casualty, the Lessor shall repair the same as speedily as practicable, and the Lessee's obligation to pay the Rent and Additional Rent hereunder shall abate until restoration is complete in proportion to inutility of the Lease Premises. However, if, in the opinion of the Lessor reasonably exercised, the Lease Premises are so substantially damaged that the Lessor decides not to rebuild, then the Rent shall be paid up to the time of such destruction and thenceforth this Lease shall come to an end. If the Lessee shall have been insured against any of the risks herein covered, then the proceeds of such insurance shall be paid over to the Lessor to the extent of the Lessor's costs and expenses to make the repairs hereunder, and such insurance carriers shall have no recourse against the Lessor or Lessee for reimbursement.

6.03 If, at any time during the last two (2) years of the Term or any additional Term, the Lease Premises shall be so destroyed or damaged by fire to and cannot, in the good faith opinion of the Lessee be repaired within six (6) months of the date of the casualty, the Lessee may, within the period of thirty (30) days after the date on which such destruction or damage occurs, give notice of its election to terminate this Lease, and this Lease and the Term shall cease and expire on the date of expiration of the period of ten (10) days after the date on which such notice is given with the same force and effect as if such date were the date originally set forth in this Lease for the expiration of this Lease and the Term except that Lessee shall be liable to Lessor for the Rent and all other obligations under this Lease which shall have accrued prior to the date so fixed for expiration of the Term and the proceeds of all insurance referred to in Article 5 of this Lease shall be paid to and belong to Lessor, but free and clear of all other claims, liens or encumbrances.

## ARTICLE 7

### WAIVERS

7.01 Lessee, for itself, and on behalf of any and all persons claiming by, through or under Lessee, including creditors of all kinds, does hereby waive and surrender (i) all right and privilege which any of them have under or by reason of any present or future law, to redeem the Lease Premises or to have a continuance of this Lease for the Term after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided, and (ii) the benefits of any laws which exempts property from liability for debt or for distress for rent.

7.02 In the event that Lessee is in arrears in payment of any amounts of the Rent or Additional Rent, Lessee waives Lessee's rights, if any, to designate the items against which any payments made by Lessee are to be credited, and Lessee agrees that Lessor may apply any payments made by Lessee to any items it sees fit, irrespective of and notwithstanding any designation or request by Lessee as to the items against which any such payments shall be credited.

7.03 The Parties hereby waive trial by jury in any action, proceeding or counterclaim brought by either Party against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Lessor and use or occupancy of the Lease Premises, including any claim of injury or damage, or any emergency or other statutory remedy with respect thereto.

7.04 Except as otherwise expressly provided in this Lease, this Lease and the obligations of each Party to the other hereunder shall be in no way affected, impaired or excused because one Party is unable to fulfill, or is delayed in fulfilling, any of their obligations under this Lease by reason of (i) accidents, emergencies, strikes or work stoppage, or (ii) the making of repairs or changes which Lessor is required by this Lease or law to make or in good faith deems necessary, (iii) difficulty in securing proper supplies of fuel, steam, water, electricity, labor or supplies, (iv) governmental pre-emption or priorities or other controls in connection with a national or other public emergency or shortages resulting therefrom (v) any other cause beyond the Lessor's or Lessee's reasonable control.

## ARTICLE 8

### REPAYMENT TO LESSOR

8.01 In case Lessor shall be compelled or be obligated to pay any sum of money or do any act which shall require the expenditure or payment of any sum by reason of the failure of Lessee to perform anyone or more of the obligations herein contained, due to Lessee's failure to cure after written notice and expiration of all applicable grace and cure periods, Lessor shall submit an invoice for such payment and receipts and Lessee shall immediately repay the same to Lessor, or at Lessor's direction, upon demand, with interest thereon at the Default Rate as in effect from time to time, and in default thereof, the sum or sums so paid by Lessor, or which Lessor is obligated to pay, together with all interest, costs and damages, shall or may be added as

Additional Rent to the next installment of the Rent becoming due on the next day the Rent is due (“Rent Day”), or on any subsequent Rent Day fixed by this Lease, and shall for all purposes whatsoever be deemed to be Rent which is due and payable on such Rent Day, or on any subsequent Rent Day, as Lessor may, at Lessor’s option, elect, and shall be payable as such. However, and notwithstanding the foregoing, it is expressly covenanted and agreed hereby that payment by Lessor of any such sums of money or the doing of any such acts shall not be deemed to waive or release any default in the payment or doing thereof by Lessee or Event of Default resulting therefrom, or the right of Lessor to declare this Lease to be terminated, or to recover possession, at Lessor’s election, of the Lease Premises, by reason of Lessee’s default with respect to any such payment or act.

## ARTICLE 9

### LIENS

9.01 If due to Lessor’s activities, any mechanic’s or construction or other lien or order for the payment of money shall be filed against the Premises or any building, structure or improvement, thereon or upon any Rent, Additional Rent or other amounts payable hereunder, by reason of any restoration, replacement, change or alteration to the Lease Premises or any addition or improvement located thereon, or the cost of expense thereof, or any contact relating to the same, or against Lessor as owner thereof, as a result of or arising out of the possession, use, or occupancy of the Lease Premises by Lessee, or any person claiming by, through or under Lessee, or as a result of or arising out of any labor or material furnished to or for Lessee, or anyone claiming by, through or under Lessee, at or to the Lease Premises, Lessee shall, within thirty (30) days after the filing thereof, cause the same to be canceled and discharged of record by payment, by bond or court order or by other generally accepted means of discharge, at the election of Lessee, and shall also defend for Lessor, at Lessee’s sole cost and expense, any action, suit or proceeding which may be brought thereon or for the enforcement of the same, and will pay any damages and satisfy and discharge any judgment entered therein and save harmless Lessor and Lessor from any liability, claim or damage resulting therefrom.

9.02 Lessee shall have the right to contest or review by legal proceedings, or in such other manner as it may deem suitable (which, if instituted, Lessee shall conduct promptly at its own expense and free of any expense to Lessor), any such lien filed against the Premises, upon condition that Lessee shall, prior to any such contest, either furnish to Lessor, a surety bond issued by a corporate surety company duly licensed to do business in the State of New Jersey and reasonably acceptable to Lessor, sufficient to cover the amount of such contested lien, with interest and penalties for the period which such proceeding may reasonably be expected to take. Notwithstanding the foregoing, other than liens arising out of obligations of Lessor which have not been assumed by Lessee, Lessee shall pay all items giving rise to any such liens if at any time the Premises or any part thereof or any Rent, Additional Rent or other amounts due and payable hereunder shall be in danger of being forfeited or lost by reason of such non-payment or that such non-payment would subject Lessor to any civil or criminal penalties of any nature. All such proceedings shall be begun as soon as is practicable, after the imposition or assessment of any contested item, and shall be prosecuted to final adjudication with reasonable dispatch. In the event of a final adjudication of any such contested item, Lessee shall promptly pay the amount finally levied against the Premises or adjudicated to be due and payable on any such contested item plus

any interest and penalty to be paid on the entire unpaid amount, and upon such payment and proof of such payment to Lessor within twenty (20) days after such payment, any such surety bond may be canceled and discharged, and if there shall be any refund with respect thereto, Lessee shall be entitled to same.

## ARTICLE 10

### EMPLOYEES

10.01 (a) The Lessee agrees that as a condition to the Lessor entering into this Lease the Lessee shall:

(i) Provide all existing County employees who were employed at Morris View immediately prior to the Effective Date and whose County employment terminated as a result of this Lease and who are willing, interested and able, an opportunity to apply for employment with the Lessee; and

(ii) Offer employment first to such employees identified in paragraph (a)(i), above, who are not restricted by any condition of their former County employment, or retirement status, from employment opportunities at the Facility.

(b) The County, the Lessor, any official, employee, officer or representative of the County or Lessor, the Lessee, or any official, employee, officer or representative of the Lessee shall not make any representation as to the ability of any employee who retires on a pension offered by state or locally-funded retirement system to accept post-retirement employment with the Lessee. The parties to this Lease agree and understand that any such employee who retires on a pension offered by state or locally-funded retirement system will accept post-retirement employment with the Lessee at his or her own risk. Retiring employees and employees considering retirement will be strongly encouraged to obtain and study New Jersey Division of Pensions and Benefits Fact Sheet No. 86, "Post Retirement Employment Restrictions" (August 2015), with respect to their rights and obligations pertaining to post retirement employment, and to obtain legal advice from attorneys of their own choosing with respect to any questions they may have regarding these subjects. The County, the Lessor, any official, employee, officer or representative of the Lessor, the Lessee, and any official, employee, officer or representative of the Lessee shall not provide any advice whatsoever to any employee on the subject of post-retirement employment other than what is described in this paragraph.

## ARTICLE 11

### ASSIGNMENT AND SUBLETTING

11.01 Lessee may not assign all or any of its rights and/or obligations under this Lease nor sublet any portion of the Lease Premises without the prior written consent of Lessor, in its sole discretion but in all events subject to:

(a) Lessee shall notify Lessor in writing of any such proposed assignment or subletting, advising Lessor of the name and address of the proposed assignee and providing Lessor with a copy of the proposed form of assignment, or sublease, at least thirty (30)

days' prior to the effective date thereof. The New Jersey Department of Health and other governmental authorities having jurisdiction shall have issued required licenses to the assignee or sublessee to operate the Facility on the Lease Premises.

11.02 Any sublease hereunder shall contain provisions to the effect that: (i) such sublease is subject and subordinate to all of the terms, covenants and conditions of this Lease and to all of the rights of Lessor hereunder; (ii) in the event that this Lease shall terminate before the expiration of such sublease, the Lessee thereunder will, at Lessor's option, attorn to Lessor and waive any rights the sub-Lessee may have to terminate the sublease or to surrender possession thereunder, as a result of the termination of this Lease; and (iii) Lessee acknowledges that any consent given by Lessee to a surrender of any such sublease or an assignment or subletting by such Lessee without having obtained Lessor's prior written consent shall be void.

11.03 Except in the event of a default by Lessee's sub-Lessee, Lessee will not, without the prior written consent of Lessor, effect a material modification, termination, cancellation or surrender of any such sublease. Lessee shall not collect rent in advance for more than one month from any undertenant, unless the Lessor agrees in writing.

11.04 Lessee's failure to comply with all of the provisions and conditions of this Article 11 shall, at Lessor's option, render any purported assignment or subletting null and void and of no force and effect.

11.05 It is expressly agreed between the Parties that no assignment of this Lease, nor any subletting of the Lease Premises shall, in any way, relieve Lessee of any of its obligations under any of the terms, covenants or conditions of this Lease.

11.06 The transfer of a majority of the issued and outstanding capital stock of Lessee, if a corporation, or of a majority of the total interest in the Lessee, if a partnership or limited liability company, whether in one transaction or in a series of related transactions, shall be deemed to constitute an assignment of this Lease and shall be subject to all of the terms and conditions of this Article 11 if the assignee is not controlled by Ben Kurland, the principal of the Lessee. A merger or consolidation of Lessee, or of any corporation comprising a partner or member of Lessee, shall likewise be deemed an assignment of this Lease and shall be subject to all of the terms and conditions of this Article 11 if the surviving entity is not controlled by Ben Kurland.

11.07 Notwithstanding the foregoing, if the sublease is for twenty percent (20%) or less of the entire Lease Premises, in a single or series of transaction, the standard set forth under this Article shall be "reasonable consent" of the Lessor in lieu of "sole discretion".

11.08 Where Lessor consent is required, Lessor shall be deemed to have denied if it has not responded to Lessee request for consent within forty-five (45) days.

11.09 Notwithstanding the provisions of Section, Lessee shall have the right to encumber the leasehold estate created hereby with one or more leasehold mortgages (individually, a "Leasehold Mortgage") to any commercial bank, savings and loan association, trust company, savings bank, credit union, pension fund, insurance company, real estate

investment trust, or other institutional investor (“Leasehold Mortgagee”), and, assign this Lease as security for its obligations under any financing of the Facility.

(a) If Lessee mortgages its leasehold estate in accordance with this Section 11.09, the provisions of paragraphs (11.09.1) through (11.09.9) of this Section shall apply with respect to the Leasehold Mortgage following receipt by Lessor of written notice from Lessee of the name and address of the Leasehold Mortgagee. In the event of any assignment of the Leasehold Mortgage, or in the event of a change of address of the Leasehold Mortgagee or an assignee of the Leasehold Mortgagee, written notice of the new name or address shall also be provided to Lessor before paragraphs (11.09.1) through (11.09.9) shall be applicable to the assignee. Lessor shall promptly acknowledge in writing receipt of any written notice pursuant to this Section 11.09. Lessor hereby acknowledges receipt of notice as to the Collateral Agent as Leasehold Mortgagee.

11.09.1 Lessee, upon request of Lessor, shall promptly provide Lessor with copies of the Leasehold Mortgage, the note or other obligation secured by the Leasehold Mortgage and any other documents pertinent to the Leasehold Mortgage which Lessor may reasonably request. Lessee shall also provide Lessor from time to time with a copy of each amendment or other modification or supplement to such instruments. All documents shall be accompanied by a certification by Lessee that such documents are true and correct copies of the originals, and, as to recorded documents, the date and book and page of recording.

11.09.2 Lessor, upon providing Lessee any notice of default, or any notice of termination of this Lease, shall simultaneously provide a copy of such notice to the Leasehold Mortgagee. No such notice by Lessor to Lessee shall be deemed to have been duly given unless and until a copy thereof has been sent to the Leasehold Mortgagee. After such notice has been given to the Leasehold Mortgagee, the Leasehold Mortgagee shall have the same period to remedy any default as Lessee. If the default shall be cured, this Lease shall continue in full force and effect as if Lessee had not defaulted under this Lease.

11.09.3 Upon the acquisition of Lessee’s leasehold by the Leasehold Mortgagee or any other purchaser resulting from the exercise of any remedies contained in any Loan Document, either voluntarily or involuntarily as a result of a foreclosure sale, by deed in lieu of foreclosure or otherwise, this Lease shall continue in full force and effect as to Lessee’s successor-in-interest as if Lessee had not defaulted under this Lease.

11.09.4 The making of the Leasehold Mortgage shall not be deemed to constitute an assignment of this Lease so as to require the Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Lessee to be performed hereunder, but the purchaser at any foreclosure sale of this Lease, or the assignee of this Lease under any instrument of assignment in lieu of foreclosure, shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase or assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate created by this Lease, and without any obligation or liability to cure any monetary or nonmonetary defaults arising to the date of such purchase or assignment.

11.09.5 No sale or foreclosure pursuant to the Leasehold Mortgage, or assignment in lieu of foreclosure, shall be deemed a violation of this Lease, provided that the provisions of Article 11 hereof shall apply to the purchaser or assignee and further sales or assignments, unless they are foreclosure sales or assignments in lieu of foreclosure on the Leasehold Mortgage.

11.09.6 So long as any Leasehold Mortgage is in existence, unless the Leasehold Mortgagee shall otherwise expressly consent in writing, the fee title to the Premises and the leasehold estate of Lessee created by this Lease shall not merge in any manner, but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Lessor or by Lessee or by a third party, by purchase or otherwise.

11.09.7 Notices from Lessor to the Leasehold Mortgagee shall be sent to the address furnished Lessor pursuant to this section, and those from the Leasehold Mortgagee to Lessor shall be sent to the address designated pursuant to the provisions of Article 24.01 hereof. All such notices shall be given in the manner described in Article 24.01 and shall in all respects be governed by the provisions of that Article.

11.09.8 Nothing contained herein shall require any Leasehold Mortgagee to cure any default of Lessee under this Lease nor shall any Leasehold Mortgagee be liable therefor.

11.09.9 Lessor shall also provide other protective clauses reasonably requested by the Leasehold Mortgagee.

## ARTICLE 12

### ALTERATIONS: IMPROVEMENTS AND ADDITIONS

12.01 Subject to the compliance with and observance of all of the terms, conditions, covenants and agreements provided for in this Lease, and in addition to and not in lieu of the Capital Improvement Plan, Lessee shall have the right, to be exercised at Lessee's option at any time during the Term, to make alterations, improvements and/or additions, structural or otherwise, in and to the Lease Premises, provided Lessee shall furnish to Lessor, prior to the commencement of any work, including work under the Capital Improvement Plan, in excess of \$10,000, a copy of the plans and specifications for such work and of the name of the general contractor engaged to perform such work and Lessee shall have obtained the prior written consent of Lessor thereto and Lessor's approval of the general contractor, which consent and/or approval shall not be unreasonably withheld; and such work is conducted in accordance with the requirements of N.J.S.A. 34:11-56.25 et seq., the New Jersey State Prevailing Wage Act, and the regulations promulgated thereunder.

12.02 Before the commencement of any alterations, improvements and/or additions, the plans and specifications therefor shall be filed with and approved by all governmental departments or authorities having jurisdiction, and any public utility company having an interest therein, and all such work shall be done subject to and in accordance with all requirements of law and local regulations of all governmental departments or authorities having jurisdiction and of each public utility company, of any Board of Fire Underwriters, and of all Insurance Requirements under this Lease.

12.03 In connection with such work and prior to the commencement thereof, Lessee shall, if such work is in excess of \$10,000, be required to procure and deliver to Lessor a performance and payment bond or other reasonably satisfactory guaranty of completion in an amount equal to the estimated cost of construction of such alteration, improvement and/or addition, which shall be executed by a corporate surety company duly licensed to do business in the State of New Jersey and reasonably satisfactory to Lessor and shall be in a form approved by Lessor, which bond shall guarantee that Lessee shall and will:

(a) Make, erect and complete the proposed alteration, improvement and/or addition in accordance with such plans and specifications therefor, and in compliance with the building code and all laws, ordinances, rules, regulations and orders of any governmental bureau, body or officer having competent authority to make the same and which may be applicable to the erection or construction of said improvement;

(b) Complete said alteration, improvement and/or addition within the time to be therein specified (except if delayed by strikes, labor or material shortages, embargoes, governmental restrictions or priorities or other causes beyond Lessee's reasonable control) and fully pay for the same at the time and in the manner as fixed by contract therefor; and

(c) Perform any and all duties which are or may be legally imposed on Lessor as owner of the Premises in connection with the construction and obtain any necessary certificates of occupancy therefor.

12.04 During the period of such work, Lessee shall pay all of the Rent and Additional Rent which Lessee is obligated to pay under any other provision of this Lease. Lessee further agrees that at all times during such construction, Lessee will indemnify and keep indemnified Lessor against loss on account of injuries to persons or property, and against loss by way of penalties or otherwise on account of the failure of Lessee to perform or fulfill any duty imposed upon Lessee or Lessor, in, or arising out of, or connected with the intended construction, either by appropriate endorsement to the policy or policies of general liability insurance referred to in Article 5.0.1 of this Lease, or by obtaining policies of insurance with the same limitations of coverage to cover Lessor and Lessee during such construction. Nothing herein contained shall be deemed to limit Lessee's obligations under Article 4 or this Lease. Lessor shall, upon request to Lessee, but at Lessee's sole cost and expense, join in Lessee's application for any building permit or license required in connection with such alteration, improvement and/or addition, and shall grant such underground utility easements as may be required in connection therewith.

12.05 Any such alteration, improvement and/or addition to the Lease Premises shall immediately be and become the property of the owner of the Premises, subject to the leasehold rights of Lessee hereunder.

12.06 If deemed appropriate by Lessee, Lessee will, to the extent provided for in applicable regulations diligently and in good faith seek approval for the addition of licensed beds to the Facility pursuant to the "add a bed" or similar programs under which additional beds may be licensed at the Lease Premises. All subsequent "add a bed" or bed additions shall be at Lessee's sole discretion. Any construction required to accommodate such additional beds shall be undertaken and paid for solely by Lessee; provided, however, that the decision to undertake new

construction, including but not limited to the decision to construct the first approved additional beds shall be solely that of Lessee. All construction shall be in accordance with the requirements of this Article 12.

## ARTICLE 13

### USE OF PROPERTY

13.01 Lessee will not do, cause or knowingly permit to be caused, any waste or damage, disfigurement or injury to the Premises or any part thereof, nor shall Lessee use or knowingly allow the Lease Premises, or any part thereof, to be used or occupied for: (a) any unlawful purpose; (b) in a manner that would, in any way, violate any certificate of occupancy affecting the Premises; (c) in any way which may make void or voidable any insurance then in force with respect to the Premises; (d) in a manner that will cause, or be likely to cause, structural injury to the Premises or any portion thereof; (e) in a manner that would constitute a private or public nuisance; or (f) any rule or regulation of any governmental agency or department having jurisdiction over the Premises or the use thereof or the provisions of this Lease. Anything above to the contrary notwithstanding, third floor of the Lease Premises shall be used for any healthcare related purpose or purpose by Lessee or its sublessee(s).

13.02 Lessee may use the Lease Premises only for the operation of a long-term care facility, as well as other health related activities such as adult day care, outpatient dialysis, sub-acute services, and outpatient rehabilitation including incidental parking and recreation facilities. Except in the event of a casualty or condemnation, in no event, shall the number of long term care beds be reduced to less than 283 (the "Facility Beds"), without Lessor's consent. In the event Lessee wishes to use all or any portion of the Lease Premises for any other use, the prior written consent of Lessor shall be required, in its sole and absolute discretion. If Lessor consents, Lessor agrees to join with Lessee in seeking to obtain the consent of any governmental agency having authority over the Lease Premises, to such other use.

13.03 Nothing contained in this Lease and no action or inaction by Lessor hereunder, shall be deemed or construed to mean that Lessor has granted to Lessee any right, power or permission to do any act or make any agreement that may create, give rise to, or be the foundation for any right, title, interest, charge or other encumbrance upon the estate of Lessor in the Lease Premises. Without limiting the generality of the foregoing, nothing contained in this Lease shall be construed as constituting the consent or request of Lessor, express or implied, to or for the performance by any contractor, laborer, materialman, or vendor of any labor or services or the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to the Lease Premises or any part thereof. Notice is hereby given that Lessor will not be liable for any labor, services or materials furnished or to be furnished to Lessee, or to anyone holding the Lease Premises or any part thereof through or, under Lessee, and that no mechanic's, construction or other liens for any such labor, service or material shall attach to or affect the interest or Lessor in and to the Premises.

13.04 Lessee, throughout the Term shall comply with all of the terms, provisions, and conditions of all documents of record.

13.05 Lessee shall maintain the following requirements during the Term of the Lease, and covenants as follows:

(a) The Lessee **will not**, without the prior written consent of the Lessor and the County: (i) cease to operate the Facility as a licensed, long-term care, facility, with, at least, 283 licensed beds; (ii) change the name of the Lease Premises from “Morris View Healthcare Center”; (ii) merge, sublet, sell or incorporate the business; or (iii) transfer or release any individual resident who resides at the Facility upon the commencement of this Lease unless: (x) documented consent of such resident is received; or, (y) such transfer is for medical necessity, where medical necessity is defined as care not provided at the Lease Premises, as determined by a medical professional in accordance with standard industry practice.

(b) The Lessee has entered into an Operations Transfer Agreement in the form attached hereto as Exhibit “D”, and will perform in accordance therewith.

(c) Lessee will meet no less than quarterly with County leadership to discuss clinical and operational issues in the operation of the Lease Premises.

(d) Residents who reside at the Lease Premises upon the commencement of this Lease will be granted bed holds for hospitalizations regardless of the length of stay.

(e) During the Term (i) provide a minimum of 65% of the beds available for County residents and/or their direct family members (mothers, fathers, sisters and brothers); (ii) assign a minimum of 65% of the beds to government subsidized payees/residents; (iii) meet and work cooperatively with the currently established Family and Friends Group/Morris View Advisory Committee that will meet no less than quarterly with the County Administrator and representatives from County leadership; (iv) provide visiting/access rights to family members throughout the week, at a minimum from 8 AM to 8 PM, with extended hours upon request; (v) develop a comprehensive emergency management program for the Lessee’s long term care facilities to include the development and maintenance of facility Emergency Operations Plan and other preparedness plans outlining scalable protocols and procedures to undertake during a variety of potential emergencies and disasters (may include evacuation and relocation plans, utility interruption plans, severe weather protocols, etc.); (vi) provide for on-site security staff to control access to the building and support individual events that might arise which demand more assistance and/or oversight than is available by the medical/care staff; (vii) keep the County informed on all industry and Federal and State regulatory changes that affect the operations at the Lease Premises, as well as any correspondence regarding audit, sanction or inspection, or any other communication having a monetary or regulatory impact; and (ix) permit the County to conduct inspections of the Lease Premises at a minimum of quarterly to be conducted by the County, its designees, and/or consultants hired by the County.

(f) Lessee shall be responsible to procure and provide its own dietary programs for the Facility, including for resident meals, snacks & groceries, staff and visitor meals—main cafeteria, on-site vending services, on-site and off-site catering services and coffee shop, in addition Lessee shall continue to provide meals and the dietary needs for to the County’s Adult Day Care and Head Start Program, located within the Facility. Lessee shall continue to provide

the dietary needs to these two County programs in accordance with the terms of the agreements attached to the RFP in accordance with Section 3.4(a) thereof.

(g) During the first three (3) years of the Term, maintain staffing levels at above such levels as set forth in Exhibit “E”.

(h) Lessor represents a current certificate of occupancy has been issued or shall be issued for the Lease Premises prior to the Effective Date.

## ARTICLE 14

### QUIET ENJOYMENT

14.01 Lessee, upon payment of the Rent, any Additional Rent, and all sums herein reserved, and upon the due performance of all the terms, covenants, conditions, agreements and obligations herein contained on Lessee’s part to be kept and performed, shall and may at all times during the Term peaceably and quietly enjoy the Lease Premises, subject, however, to the terms of this Lease.

## ARTICLE 15

### DEFAULT

15.01 Each of the following shall be an “Event of Default”:

(a) Failure of Lessee to pay any installment of Rent or Additional Rent or any part thereof or any other payments of money, costs or expenses herein agreed to be paid by Lessee after the same shall become due and payable, subject to all grace and cure periods, if any, and the continuance of such failure for a period of five (5) business days after written notice by Lessor to Lessee;

(b) Failure of Lessee to perform or comply with one or more of the other material terms, conditions, obligations, covenants or agreements of this Lease and the continuation of such failure for a period of thirty (30) days after written notice by Lessor specifying such failure (unless such failure requires work to be performed, acts to be done or conditions to be removed which cannot, by their nature, reasonably be performed, done or removed, as the case may be, within such thirty (30) day period, in which case no Event of Default shall be deemed to exist so long as Lessee shall have commenced curing the same within such thirty (30) day period and shall diligently and continuously prosecute the same to completion);

(c) Failure of Lessee to observe or perform one or more of the terms, conditions, obligations, covenants or agreements contained in the documents and agreements of record to which the Lease Premises are or hereafter may be subject and, provided same does not result in a forfeiture or reversion of title, the continuance of such failure for a period of thirty (30) days after written notice by Lessor specifying such failure (unless such failure requires work to be performed, acts to be done or conditions to be removed which cannot, by their nature, reasonably be performed, done or removed, as the case may be, within such thirty (30) day period, in which case no Event of Default shall be deemed to exist so long as Lessee shall have commenced curing

the same within such thirty (30) day period and shall diligently and continuously be prosecuting the same to completion); provided that nothing herein contained shall be deemed to obligate Lessee to comply with the terms of any such agreements voluntarily created by Lessor subsequent to the date hereof without Lessee's knowledge and written consent;

(d) If: (i) Lessee shall file a petition in bankruptcy or for reorganization or an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, shall be adjudicated a bankrupt or become insolvent, shall make an assignment for the benefit of creditors, shall admit in whole or in part its inability to pay its debts generally as they become due, or, if a petition or answer proposing the adjudication of Lessee as a bankrupt or its reorganization pursuant to any federal or state bankruptcy law, or any similar federal or state law, shall be filed in any court and Lessee shall consent to, or acquiesce in, the filing thereof, or such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; (ii) if a receiver, trustee or liquidator of Lessee, of all or substantially all of the assets of Lessee, or of the Lease Premises or of Lessee's estate therein shall be appointed in any proceeding brought by Lessee, or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Lessee and shall not be discharged within (60) days after such appointment, or if Lessee shall consent to, or acquiesce in, such appointment; (iii) if an order for relief under any provisions of the Bankruptcy Reform Act of 1978 shall be entered against Lessee;

(e) If the Lease Premises shall be left unoccupied and unattended for a period of twenty-five (25) days, other than by reason of casualty damage; and

(f) If Lessee's license to operate the Facility shall be revoked or if the Lessee is convicted of a crime or enters into an agreement whereby they admit liability or culpability to the United States Office of the Inspector General which materially impairs the operation of the Facility and the license for the Facility Beds.

15.02 If an Event of Default shall occur under this Lease, Lessor may, at its option, at any time thereafter, during the continuance of such Event of Default, give written notice to Lessee stating that this Lease and the Term shall expire and terminate. Upon the giving of such notice, the Term and all rights of the Lessee hereunder, shall expire and terminate as if that date were the date herein definitely fixed for the termination of the Term, and the Lessee hereof shall quit and surrender the Lease Premises, but Lessee shall remain liable as hereinafter provided.

15.03 In the event of the termination of this Lease, either by operation of a law (by issuance of a dispossessory warrant, by termination as provided above or otherwise) or if an Event of Default shall occur, Lessee shall, if required by Lessor to do so and to the extent permitted under applicable law, immediately surrender to Lessor the Lease Premises and the Facility and quit the same, and Lessor may enter upon and repossess the Lease Premises and the Facility by summary proceedings, ejectment or otherwise, without being liable to indictment, prosecution or damages therefor, and may remove Lessee and any and all of the Equipment from the Lease Premises and the Facility, subject to the rights of any residents or patients of the Facility and to any requirements of applicable law. Subsequent to taking possession of the Lease Premises and the Facility pursuant to this Article 15, including but not limited to the transfer of the license from the Lessee to the Lessor or the transition of the residents to another facility in the event the Facility is closed by the DOH, Lessor or its designee shall have the sole right, to the greatest extent

permissible under applicable law, to operate the Facility and Lessee hereby irrevocably appoints Lessor as its attorney-in-fact, with full power of substitution, to seek all applicable approvals, and to effect the transfer of any licenses, permits, or contracts necessary or desirable, to permit Lessor to do so. No taking of possession of the Lease Premises and the Facility by or on behalf of Lessor, and no other act done by or on behalf of Lessor, shall constitute an acceptance of surrender of the Lease Premises and the Facility by Lessee or reduce Lessee's obligations under this Lease, and Lessee shall nevertheless remain and continue liable to Lessor for a sum equal to all Rent, Additional Rent and other payment and charges reserved herein for the remainder of the Term, unless otherwise expressly agreed to in a written document signed by an authorized officer or agent of Lessor. If Lessor shall so re-enter, Lessor may, at its option, repair and alter the Lease Premises in such manner as the Lessor may deem necessary or advisable, and/or let or relet the Lease Premises or any parts thereof for the whole or any part of the remainder of the Term, or for a longer period, in Lessor's name or as agent of Lessee, and out of any rent collected or received as a result of such letting or reletting Lessor shall: first, pay to itself the cost and expense of retaking and repossessing the Lease Premises and the cost and expenses of removing all persons and property therefrom; second, pay to itself the cost and expense sustained in securing any new Lessees, and if Lessor shall maintain and operate the Lease Premises, the cost and expense of operating and maintaining the Lease Premises; and, third, pay to itself any balance remaining on account of the liability of Lessee to Lessor for the sum equal to all Rent, Additional Rent and other payments and charges reserved herein and unpaid by Lessee for the remainder of the Term. Lessor shall in no way be responsible or liable for any failure to relet the Lease Premises or any part thereof, or for any failure to collect any rent due on any such reletting. Should any rent so collected by Lessor after the aforementioned payments be insufficient fully to pay Lessor a sum equal to all such Rent, Additional Rent and other payments and charges reserved herein, the deficiency shall be paid by Lessee on the applicable Rent Days herein specified, that is, upon each of such Rent Days Lessee shall pay to Lessor the amount of the deficiency then existing; and the Lessee shall be and remain liable for any such deficiency and the right of Lessor to recover from Lessee the amount thereof, or a sum equal to all such Rent, Additional Rent and other payments and charges reserved herein, if there shall be no reletting, shall survive the issuance of any dispossessory warrant or other termination hereof, and Lessor shall be entitled to retain any surplus; and Lessee hereby expressly waives any defense that might be predicated upon the issuance of such dispossessory warrant or other termination hereof.

15.04                      Suit or suits for the recovery of such deficiency or damages, or for a sum equal to any installment or installments of rent, taxes, insurance and other charges hereunder, may be brought by Lessor, from time to time at Lessor's election, and nothing herein contained shall be deemed to require Lessor to await the date whereon this Lease or the Term would have expired had there been no such default by Lessee or termination.

15.05                      Nothing herein contained shall limit or prejudice the rights of Lessor to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by a statute or rule of law governing such proceeding and in effect at the time when such damages are to be proved, whether or not such amount be greater, equal to or less than the amount of the damages referred to in any of the preceding paragraphs of this Article 15.

15.06 No receipt of monies by Lessor from Lessee or any other person after termination of this Lease, or after the giving of any notice of termination of this Lease, shall reinstate, continue or extend the Term or affect any notice theretofore given to Lessee, or operate as a waiver of the right of Lessor to enforce the payment of Rent, Additional Rent and other sums of money and other charges herein reserved and agreed to be paid by Lessee then due or thereafter falling due, or operate as a waiver of the right of Lessor to recover possession of the Lease Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of suit or summary proceedings, or after final order or judgment for the possession of the Lease Premises, Lessor may demand, receive and collect from Lessee any monies due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, except as herein otherwise specifically provided, all such monies being collected being deemed payments on account of the use and occupation of the Lease Premises or, at the election of Lessor, on account of Lessee's liability hereunder. Lessee hereby expressly waives any right to a jury trial in the event of summary proceedings.

15.07 Lessee hereby expressly waives the service of any notice of intention to re-enter provided for in any statute, or of the institution of legal proceedings toward that end. The terms "enter", "re-enter", "entry" or "re-entry" as used in this Lease are not restricted to their technical legal meaning.

15.08 Each and every covenant contained in this Lease shall be deemed specific and independent and not dependent upon other provisions of this Lease.

15.09 In the event of any breach or threatened breach by either Party of any of the covenants, agreements, terms or conditions contained in this Lease, the other Party shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings and other remedies were not provided for in this Lease.

15.10 Each right and remedy provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity by statute or otherwise, and the exercise or beginning of the exercise of anyone or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, shall not preclude the simultaneous or later exercise of any or all other rights or remedies.

15.11 If either Party shall be made a party to any action or proceeding by reason of the act or omission of the other, which act or omission constitutes a breach of the obligation of such latter Party under this Lease, such latter Party shall pay all costs and expenses, including, but not limited to reasonable attorneys' fees, incurred by the other Party. In the event either Party incurs any costs or expenses in enforcing any of the covenants and provisions of this Lease, all such costs and expenses, including, but not limited to, reasonable attorneys' fees, shall be paid by the defaulting Party. In the event of any action or proceeding brought by either Party to this Lease against the other, all costs, expenses and attorney's fees incurred in connection therewith by the Party prevailing in such action or proceeding, shall be payable by the Party not prevailing and may be included in and form a part of any judgment entered in any action or proceeding. All such amounts due under this Article 15.11 shall be paid within ten (10) days of

the rendition of a bill or statement therefor. Any amounts not paid within such ten (10) day period shall accrue interest at the Default Rate.

15.12 In the event of a termination of this Lease by reason of the occurrence of an Event of Default or material breach by Lessee hereunder: (a) all unexpired insurance premiums, all deposits theretofore made by Lessee with utility companies, all rights of Lessee under all insurance policies, any Claims for refund of any impositions, any pending claims for insurance proceeds or condemnation awards, all monies and securities of Lessee then held by Lessor and all fuel and supplies of the Lease Premises, shall be deemed to be and are hereby assigned to and transferred to Lessor in consideration for payment by Lessor to Lessee (or credit by Lessor against obligations of Lessee to Lessor) of the amount of such unexpired premiums and deposits; and (b) Lessee shall deliver to Lessor for redelivery to any successor operator of the Facility all agreements with residents and advance payments then held by Lessee with respect to any and all residents not previously turned over to Lessor.

15.13 The Rent and Additional Rent and each and every installment thereof, and all costs, reasonable attorneys' fees or other expenses which may be incurred by Lessor in enforcing the provisions of this Lease, or on account of any delinquency of Lessee in carrying out the provisions of this Lease, shall be and they hereby are declared to constitute a valid lien upon the interest of Lessee in this Lease.

15.14 No failure by Lessor or Lessee to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent or payment of other charges during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant agreement, term or condition of this Lease to be performed or complied with by Lessor or Lessee, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Lessor or Lessee, as the case may be. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

## ARTICLE 16

### LESSOR'S REMEDIES ON LESSEE'S DEFAULT REGARDING LICENSE

16.01 Upon default in the payment of any item of Additional Rent, the same, if paid by Lessor as provided herein, with all accrued interest and penalties thereon, shall or may be added as additional rent to the next installment of Rent becoming due on the next Rent Day, or on any subsequent Rent Day fixed by this Lease, and shall for all purposes whatsoever be deemed to be Rent due and payable on such Rent Day or on any subsequent Rent Day as Lessor may, at Lessor's option, elect, and in default of the payment of the same, Lessor shall have all the rights and remedies to enforce the payment of the same, including summary proceedings for non-payment of rents, as Lessor would have were said payments or any of them Rent due and payable by the terms of this Lease on said Rent Day or subsequent Rent Day. Nothing herein contained shall, however, be deemed to waive the right of Lessor to sue for and recover by action at law any sums of money which it may have paid out of any indebtedness which it may have incurred on

account of the failure of Lessee to comply with or perform any terms, conditions, covenants or agreements of this Lease.

16.02 Lessee shall and will no later than thirty (30) days prior to the last day of the Term, or upon the termination of this Lease due to an Event of Default: (i) assist Lessor in the Lessor's application for the transfer of all right, title and interest in and to the right to operate the Facility's 283 licensed long-term care beds together with any licensed beds added after the date hereof (collectively the "Facility Beds") to the Lessor or the Lessor's designee; (ii) transfer all right, title and interest in and to the operation of the Facility Beds to the Lessor or the Lessor's designee; and (iii) covenant that the Lease Premises and Equipment, shall be surrendered in good repair, order and condition, except for ordinary wear and tear, broom clean and free and clear of all liens and encumbrances other than those, if any, created by Lessor. To the extent that, during the Term of the Lease, Lessee shall have replaced all or any of the Equipment on the Lease Premises on and after the Effective Date, or brought additional Equipment onto the Lease Premises, all of such replacement or additional Equipment shall be deemed to be part of the Lease Premises and shall remain on the Lease Premises after the termination of the Lease (the "New Equipment"). Lessor shall pay to Lessee, within 30 days following the re-entry by Lessor, the cost of such New Equipment purchased by Lessee, and shall assume all financing obligations, thereof if any following the expiration of the Term of this Lease, and left and in use on the Lease Premises on the day Lessor or its designee shall re-enter and assume control of the Lease Premises, less all depreciation previously taken by Lessee in the ordinary course of business as shown by Lessee's regular accounting records maintained in accordance with Lessee's past practices and subject to any offsets to which the Lessor may be entitled. All such New Equipment shall be free and clear of all liens, charges and encumbrances. Interest shall accrue at the rate of the Default Rate on all amounts remaining unpaid with respect to such Equipment more than 30 days after Lessee has received copies of Lessee's accounting records substantiating the amount due to Lessee.

## ARTICLE 17

### MUTUAL CO-OPERATION REGARDING LICENSE

17.01 The Parties acknowledge and agree that it is the intent of the Parties that each of the Facility Beds may and shall be operated by Lessee only in accordance with the terms and conditions of this Lease and in accordance with all applicable laws and regulations relating to long term nursing care facilities. The parties agree that: (i) they will cooperate in good faith with each other with respect to a prompt transfer of the Nursing Home License; (ii) no later than five (5) days following the execution of this Lease, they will submit an application to the Department of Health and Senior Services for the issuance/transfer of the Nursing Home License to Lessee or Lessee's designee; and (iii) they shall use their best efforts in order to expedite the issuance/transfer of such Nursing Home License as aforesaid (e.g., by promptly responding to requests for additional information and documents from the Department of Health and Senior Services). In the event this Lease either expires at the end of any Term, or terminates due to a breach by the Lessee, Lessor shall have the right to apply for the transfer of the Nursing Home License to Lessor or its designee and, provided that Lessor in good faith applies for, and diligently pursues the transfer of the Nursing Home License to Lessor or its designee, then Lessee shall cooperate, at no cost to Lessee, with such application by Lessor.

17.02 Lessee further acknowledges that, without the prior written consent of the Lessor, Lessee shall not: (a) sell, assign, lease or otherwise convey an interest in any portion, or all, of the Facility Beds to a third party; (b) operate any portion, or all, of the Facility Beds at a location other than on the Lease Premises at the Facility, even if such location is situate within the County; or (c) seek permission to, or actually, replace the Facility, whether with all or any of the Facility Beds, with a facility at any location other than the Lease Premises, even if such location is situate within the County of Morris, for the operation of any portion, or all, of the Facility Beds. It is the intention of the parties that the Lessee deliver to Lessor or Lessor's designee, upon the expiration or earlier termination of this Lease, for any reason whatsoever, a fully functioning, equipped and licensed Facility, in conformance with the terms and conditions of this Lease and the applicable statutes, rules and regulations, including all patient records and trust funds. To that end, Lessee shall, subject to all applicable requirements of law, assign to Lessor, or to its designees, all rights in any and all certificate of need and rights to operate and conduct all health care activities conducted on the Lease Premises during the Term of the Lease and all long term, adult day care and other licenses; and, at least 30 days prior to the termination of this Lease, Lessee shall sign all such consents or applications to the New Jersey Department of Health attesting to its consent to the transfer of all right to operate the Facility to Lessor, or its designee. Lessee hereby irrevocably designates Lessor as its attorney-in-fact to execute and deliver, on behalf of Lessee, all such consents, applications and instruments of assignment. Such designation shall be deemed to be a power coupled with an interest to protect Lessor's right to acquire the license to operate the Facility.

## ARTICLE 18

### RIGHT OF FIRST REFUSAL TO LEASE

Lessee shall have the right, no more than eighteen (18) months and no later than one (1) year prior to the end of the Term of this Lease, to make an offer in writing to the Lessor to renew this Lease for a period of up to an additional eleven (11) years. Upon presenting such offer to renew, the Lessor shall accept such offer to renew within sixty (60) days of receiving such written offer or such offer shall be deemed rejected. If such offer to renew is rejected and upon termination of this Lease at the end of the Term provided for above, Lessee shall have no automatic right of renewal. Nevertheless, Lessor agrees that if, during the Term, it receives an acceptable bona fide offer from an unaffiliated third party to lease the Lease Premises and continue the operations of the Facility, and provided Lessee is in good standing under the Lease, Lessor will offer Lessee the right to lease the Lease Premises and continue operating the Facility on the same terms and conditions as set forth in such offer. Lessee shall have 30 days from its receipt of the notice of the terms of the offer to provide Lessor with written notice of its acceptance of the terms. If Lessor shall not receive written notice of acceptance of the offer within such 30 days period, Lessee's rights hereunder shall have lapsed and terminated and Lessor shall have the right to proceed and enter into any lease agreements it shall choose with the original or any subsequent offeror.

## ARTICLE 19

### CONDEMNATION

19.01 If at any time during the Term the whole or any part of the Lease Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain (or by conveyance in lieu thereof) or by reason of the temporary acquisition or the use or occupancy of the Lease Premises or any part thereof by any governmental authority, the Lessor shall be entitled to and shall receive any and all awards that may be made in any such proceeding. Such award or payment, after deducting the reasonable cost and expense incurred in connection with the establishment and collection of such award or payment, is herein called the “Net Award”.

(a) If the Lease Premises shall be taken in or by condemnation or other eminent domain proceedings (or by conveyance in lieu thereof) this Lease and the Term shall terminate and expire as of the date of vesting of title in such taking (which date is hereinafter also referred to as the “date of the taking”), except with respect to obligations and liabilities of Lessee under this Lease, actual or contingent, which have accrued on or prior to the date of the taking and the Rent, Additional Rent and other sums or charges provided in this Lease to be paid by the Lessee shall be apportioned and paid by Lessee to the date of the taking, and Lessee shall discharge all other obligations and liabilities.

(b) If so much of the Lease Premises, or the building(s), structure(s) or improvement(s) located thereon, shall be taken in or by condemnation or other eminent domain proceedings (or by conveyance in lieu thereof) as shall be sufficient to render (i) the Lease Premises unusable for its intended Use and if Lessee shall have given notice to such effect (“Lessee’s Termination Notice”), and of its intention, by reason thereof, to terminate this Lease, within twenty-five (25) days after the occurrence of such taking, Lessee’s Termination Notice to be accompanied by certificate, signed by a general partner or officer of Lessee, as the case may be, describing the event giving rise to such termination and stating that Lessee has determined that such event has rendered the Lease Premises unsuitable for restoration for continued use in Lessee’s business this Lease and the Term shall terminate and expire as of a date (the “Termination Date”) which shall be the earlier of the fixed expiration date of this Lease or the first day of the second full calendar month next following Lessor’s receipt of Lessee’s Termination Notice, whereupon this Lease shall terminate as of the Termination Date and all rights and obligations of Lessee hereunder shall expire and terminate other than obligations and liabilities of Lessee under this Lease, actual or contingent, which have accrued on or prior to the Termination Date and the Rent, Additional Rent and other sums or charges provided in this Lease to be paid by Lessee shall be apportioned and paid by Lessee to the Termination Date, and Lessee shall discharge all such other obligations and liabilities.

19.02 If: (a) a portion of the Lease Premises shall be taken in or by condemnation or other eminent domain proceedings (or by conveyance in lieu thereof), and this Lease shall not be terminated in accordance with the provisions of Article 19.02 above; or (b) the use or occupancy of the Lease Premises, or part thereof, shall be temporarily requisitioned by any governmental authority, civil or military, this Lease shall continue in full force and effect, without any abatement of rent except for the restoration period referred to immediately below. Lessor shall, to the extent practicable, promptly after any such partial taking, promptly and diligently commence and complete the restoration of the Lease Premises as nearly as practicable to the condition which existed prior to such partial taking.

19.03 In case of any temporary requisition of the Lease Premises, the entire Net Award received by Lessor allocable to such temporary taking shall be payable to Lessee, provided that any portion of such Net Award allocable to a period after the termination of the Term shall be paid to Lessor, including any award for restoration of the Lease Premises if such temporary requisition shall continue after the expiration of this Lease.

19.04 Lessee, at its own costs and expense, shall have the right, in any eminent domain proceeding, to file and prosecute separate claims, independent of Lessor, with the condemning authority, for the value of the leasehold estate and for any costs associated with relocation. Except as aforesaid, Lessee may not file and prosecute any separate claims except with the prior consent of Lessor.

19.05 For purposes of this Lease, all amounts paid pursuant to any agreement with any condemning authority which has been made in settlement of any condemnation or other eminent authority which has been made in settlement of any condemnation or other eminent domain proceeding affecting the Lease Premises, shall be deemed to constitute an award made in such proceeding. Lessor and Lessee shall each have the right to participate in any such condemnation proceedings or agreement for the purpose of protecting their interests hereunder, provided that this shall not be deemed to confer upon Lessee any rights not provided for in this Article 19. Lessor and Lessee shall each be responsible for and shall each bear all of its own costs and expenses incurred in participating in any such proceeding.

## ARTICLE 20

### ESCROW DEPOSITS

20.01 If Lessor may so elect following the occurrence of an Event of Default which remains uncured beyond the applicable cure period, whether or not such default shall have been waived by Lessor, to have Lessee pay to Lessor, together with and in addition to the Rent, in monthly installments, the taxes or assessments levied or to be levied against the Lease Premises and of the premiums on issuance policies required to be maintained pursuant to the provisions of this Lease. Each such installment shall be equal to 1/12th of the then current year's taxes and assessments and insurance. Lessor shall hold such monthly payments in escrow to apply to same against such taxes and assessments and insurance premiums when due, and Lessee shall be discharged of any liability to pay such taxes, assessments and insurance premiums to the extent of such payments to Lessor.

20.02 If the total of the payments made by Lessee for taxes and assessments and issuance premiums shall exceed the amount of payments actually made by Lessor for such charges for any applicable period, such excess shall be credited by Lessor against subsequent payments of the same due to be paid by Lessee. If, however, said monthly payments made by Lessee shall not be sufficient to pay such taxes and assessments and insurance premiums when the same shall become due and payable, then Lessee shall pay to Lessor any amount necessary to make up the deficiency, on or before the date when payment of such taxes and assessments and insurance premiums shall be due.

20.03 On signing this Agreement, the “Deposit” made under the RFP in the amount of \$50,000 will be retained by the Lessor as a security deposit (the “Security”). The Security shall be held by the Lessor during the term of the Lease. The Lessor may deduct from the security any expenses incurred in connection with the Lessee’s violation of any terms in this Lease. If the amount of damage exceeds the Security, the Lessee shall pay the additional amount to the Lessor on demand.

If the Lessor uses the Security or any part of it during the Term, the Lessee shall on demand pay the Lessor for the amount used. The amount of the security is to remain constant throughout the term. The Security is not to be used by the Lessee for the payment of Rent. Within 60 days after Lessee has vacated the Leased Premises, and provided Lessor with a forwarding address, Lessor will return the Security in full or give Lessee an itemized written statement of the reasons for, and the dollar amount of, any of the Security retained by Lessor, along with a check for any Security balance. The Lessee shall not be entitled to interest on the Security.

If the Lessor’s interest in the Leased Premises is transferred, the Lessor shall turn over the Security to the new Lessor. The Lessor shall notify the Lessee of the name and address of the new Lessor. Notification must be given within 5 days after the transfer, by registered or certified mail. The Lessor shall then no longer be responsible to the Lessee for the repayment of the Security. The new Lessor shall be responsible to the Lessee for the return of the security in accordance with the terms of this Lease.

## ARTICLE 21

### CERTIFICATES

21.01 Lessor shall, without charge, but not more frequently than twice a year, within ten (10) days after request by Lessee certify, and Lessee shall, without charge, at any time and from time to time, within ten (10) days after request by Lessor, certify, each by written instrument, duly executed, acknowledged and delivered to the other Party, or that party’s requested Agent:

(a) Whether or not such other Party is in default in any way, in the performance of any of the covenants, conditions and agreements to be performed by such Party in accordance with this Lease and if there is any such default, specifying the nature of same.

(b) What the amount of Rent is pursuant to the terms of this Lease.

(c) That this Lease is unmodified and in full force and effect, or in the event that there have been modifications, that the same is in full force as modified and settling for the modification.

(d) Whether or not there are then existing any claims, set offs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof upon the part of such other Party to be performed or complied with, and if so, specifying the same.

21.02 Any certificate hereunder may be relied upon by any actual or prospective mortgagee or purchaser of the Premises, or any assignee or prospective assignee of Lessor's interest in this Lease for a period of 45 days.

21.03 Lessor shall provide a similar estoppel certificate from Lessor and Overlessor upon demand of Lessee.

## ARTICLE 22

### ADJUSTMENTS ON TERMINATION

22.01 Notwithstanding any of the provisions of this Lease, should there be any payments required to be made by Lessee during the Term such as Rent or Additional Rent which would apply to a period beyond the date fixed herein for expiration of this Lease, Lessee shall be obligated only to pay the pro rata share thereof applicable to the Term, except as otherwise provided in Article 2.01 of this Lease with respect to assessments convertible into installments.

## ARTICLE 23

### MODIFICATION

23.01 None of the covenants, terms, agreements and conditions of this Lease shall in any manner be altered, waived, changed or abandoned, nor shall the term or any part thereof be surrendered, except by a written instrument duly executed and delivered by the Parties. This Lease contains the entire agreement between the Parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the Party against whom enforcement of the change, modification or discharge is sought.

## ARTICLE 24

### NOTICES

24.01 Any notices required or permitted to be given under this Lease, either by Lessor to Lessee or by Lessee to Lessor, shall be in writing, and hand delivered or sent by registered or certified mail addressed to the respective Party as set forth herein or to such other addresses as may be designated in accordance herewith by registered or certified mail, by personal delivery or by reputable overnight delivery service and the same shall be given and shall be deemed to have been served and given in the case of hand delivery the same day, in the case of an overnight courier the next business day and in the case of registered or certified mail five days from the date posted. Until otherwise specified, notices shall be sent to Lessor and Lessee as follows:

Lessor: Morris County Improvement Authority  
P.O. Box 900  
Morristown, New Jersey 07963  
Attention: Executive Director

Cc: Matthew D. Jessup, Esquire  
McManimon, Scotland & Baumann, LLC  
75 Livingston Avenue  
Roseland, New Jersey 07068

Cc: David A. Weinstein, Esquire  
Archer & Greiner, P.C.  
One Centennial Square  
Haddonfield, New Jersey 08033

Lessee: Morris View Management Co, LLC, D/B/A Morris  
View Healthcare Center  
115 Dutch Lane Rd  
Freehold, NJ 07728

Cc Fred Gruen, Esquire  
Gruen & Goldstein  
1150 West Chestnut Street  
PO Box 1553  
Union, NJ 07083

## ARTICLE 25

### INVALIDITY OF PARTICULAR PROVISIONS

25.01 If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

## ARTICLE 26

### MISCELLANEOUS

26.01 Lessee shall comply with the terms and conditions of the RFP and the Response, unless otherwise expressly agreed to in writing by the Lessor.

26.02 The table of contents and the headings of the various Articles and Schedules of this Lease have been inserted for reference only and shall not to any extent have the effect of modifying, amending or changing the expressed terms and provisions of this Lease.

26.03 This Lease shall be governed in all respects by the laws of the State of New Jersey.

26.04 This Lease and the rights and remedies contained herein, shall be binding upon and shall inure to the benefit of Lessor, and any Lessee or licensee of Lessor, and of Lessee, and their respective successors, assigns and legal representatives.

26.05 Neither the Overlessor nor the Lessor has mortgaged the Lease Premises and shall not mortgage the Lease Premises hereinafter.

26.06 Overlessor County of Morris has reviewed and approves this Sublease and in the event of a conflict between the Overlease between County of Morris and Lessor and this Sublease, the Sublease shall control.

26.07 Lessor shall provide to Lessee copies of any notices of default or termination from the Overlessor to the Lessor.

## ARTICLE 27

### MEMORANDUM OF LEASE

27.01 Neither Lessor nor Lessee shall record this Lease in its entirety.

27.02 Upon request of either Party, Lessor and Lessee agree to execute and deliver a memorandum of this Lease, and a memorandum of any modification of this Lease, in recordable form at the cost of the requesting Party.

IN WITNESS WHEREOF, Lessor and Lessee have respectively signed, sealed and secured this Lease on the day and year first above written.

WITNESS/ATTEST:

MORRIS COUNTY IMPROVEMENT  
AUTHORITY (Lessor)

\_\_\_\_\_

By: \_\_\_\_\_

WITNESS/ATTEST:

MORRIS VIEW MANAGEMENT CO,  
LLC, D/B/A MORRIS VIEW  
HEALTHCARE CENTER  
(Lessee)

\_\_\_\_\_

By: \_\_\_\_\_

Acknowledged and Approved

COUNTY OF MORRIS (Overlessor)

By: \_\_\_\_\_

**PREMISES**

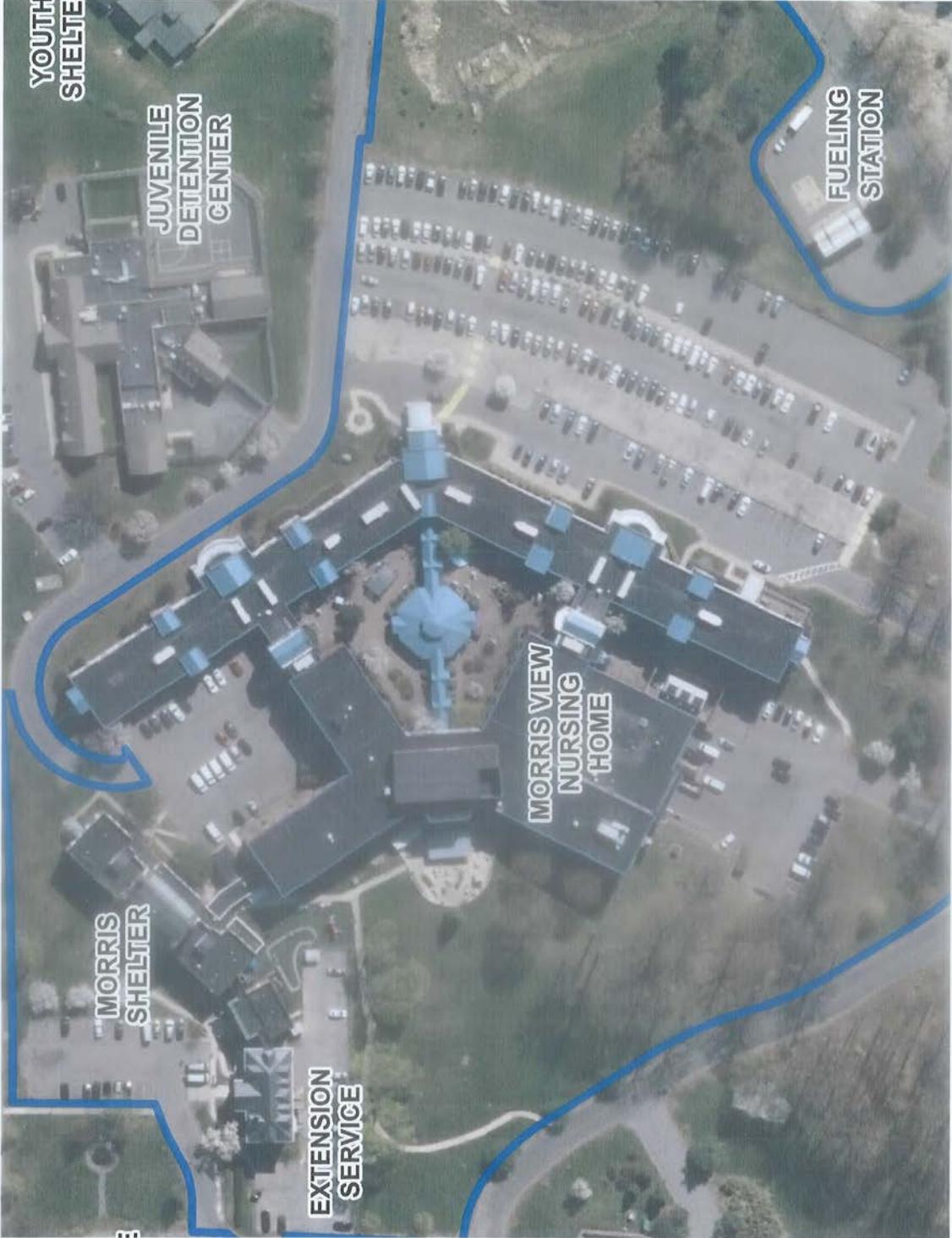


Exhibit "B"

**REQUEST FOR PROPOSALS**  
**FOR LEASE OF THE**  
**MORRIS VIEW HEALTHCARE CENTER**

**ON FILE WITH THE AUTHORITY**

Exhibit "C"

**FIVE YEAR IMPROVEMENT CAPITAL PLAN**



**Five Year Capital Improvement Plan**

<b>Area</b>	<b>Description</b>	<b>Estimated Cost</b>
Third Floor Including patient rooms, day room, nursing station and common areas.	Completely renovate the third floor into a poste acute unit	\$1,300,000
Lobby	Redecorate area	\$200,000
Courtyard	Add landscaping	\$35,000
Second and third floors	Redecorate common areas and some resident rooms	\$1,000,000

115 DUTCH LANE ROAD, FREEHOLD, NJ 07728 • P: 732.431.7420 • F: 732.294.1598 • ALLAIREHC.COM

Exhibit "D"

**OPERATIONS TRANSFER AGREEMENT**

THIS OPERATIONS TRANSFER AGREEMENT (this "Agreement") is made and entered into as of July \_\_ 2017, and shall be effective upon the Effective Date under the Lease Agreement (the "Effective Date") by and between MORRIS COUNTY IMPROVEMENT AUTHORITY ("Lessor"), the COUNTY OF MORRIS, NEW JERSEY (the "County") and MORRIS VIEW MANAGEMENT CO, LLC, D/B/A MORRIS VIEW HEALTHCARE CENTER, a New Jersey limited liability company ("Lessee").

RECITALS

A. The Lessor has received the rights to lease and operate the Morris View Healthcare Center (the "Nursing Home"), a fully licensed 283 bed nursing home facility located at 540 West Hanover Avenue, Morris Plains, New Jersey from the County;

B. Lessor has entered into that certain Lease Agreement, (the "Lease Agreement") with the Lessee and is closing thereunder as of the date hereof (All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease Agreement);

C. Lessor is willing, to the extent permitted by applicable law and as received by the Lessor from the County, and the County, are willing to permit Lessee to assume Lessor's and/or the County's rights and interests in the Nursing Home's Medicare provider number and Medicare provider reimbursement agreement (collectively, the "Medicare Provider Agreement") and the Nursing Home's Medicaid provider number and Medicaid provider agreement (collectively, the "Medicaid Provider Agreement") and together with the Medicare Provider Agreement, the "Provider Agreements") subsequent to the Effective Date pursuant to the terms and conditions of this Agreement.

D. Lessor, County and Lessee (each, a "Party" and collectively, the "Parties") deem it to be in their respective best interests to provide for the allocation of accounts receivable of the Nursing Home subsequent to the Effective Date pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, AGREEMENT, PROMISES, REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN AND FOR SUCH GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HEREBY AGREE TO INCORPORATE THE FORGOING RECITALS AND FURTHER AGREE AS FOLLOWS:

1. Cost Reports, Appeals and Provider Agreements.

1.1 Cost Reports. Lessor shall prepare and file with the appropriate Medicare and Medicaid agencies the County's final cost reports with respect to County's operation of the Nursing Home as soon as practicable after the Effective Date, but in no event later than the date on which such final cost report is required to be filed by law, and Lessor or the County shall provide the appropriate Medicare and Medicaid agencies with any information needed to support

claims for reimbursement made by Lessor or the County either in said final cost report or in any cost reports filed for prior cost reporting periods. Upon filing, Lessor or the County shall deliver a copy of any such final cost report to Lessee simultaneously therewith.

1.2 Medicare and Medicaid Provider Agreements. Effective as of the Effective Date, and subject to paragraphs 1.3 and 1.4, below, and to the extent permitted by applicable law, Lessee shall assume Lessor's, or County's, rights and interests in the Provider Agreements and shall assume and thereafter in due course fully satisfy those obligations or liabilities under the Provider Agreements arising on and after the Effective Date. Lessor and or the County shall cooperate with Lessee to facilitate the issuance of replacement Provider Agreements for Lessee. The Parties hereto agree that Lessee will be required to obtain its own National Provider Identification number ("NPI") issued by the National Plan and Provider Enumeration System, a division of CMS, for the Nursing Home. Except as provided in this Section 1.2, Lessee shall in no event use or refer to Lessor's FEIN, Lessor or other identification numbers in any of Lessee's bills for services rendered on or after the Effective Date.

1.3 Notices, Filings. Lessee shall provide all notices and make all necessary filings as required under applicable federal and state law in order for Lessee to become the duly-certified Medicare and Medicaid provider at the Nursing Home. Lessor and the County shall cooperate with Lessee as to the filing of all required notices and shall take all action reasonably necessary, at Lessee's sole cost and expense, to facilitate Lessee obtaining proper Medicare and Medicaid certification at the Nursing Home. To the extent permitted by applicable law, from and after the Effective Date, Lessee shall have the right to bill, at Lessee's sole cost and expense, under the Provider Agreements (any such amounts billed, the "Lessee Receivables"), and Lessee shall assume and thereafter in due course fully satisfy those obligations or liabilities under such Provider Agreements arising from and after the Effective Date. In the event Lessor or the County receives any funds attributable to the Lessee Receivables, such party will promptly deliver any such funds to Lessee, or at the direction of Lessee, to Lessee's accounts receivable lender, in accordance with the terms and conditions of this Agreement, specifically Section 2. Lessee shall indemnify, defend and hold harmless Lessor and the County and their respective Released Parties from and against all losses, costs, expenses, damages, claims and liability suffered, incurred, paid or required under penalty of law (including, without limitation, reasonable attorneys' fees and disbursements) to be paid by such party resulting in whole or in part from the use of the Provider Agreements by Lessee. Lessor and the County each agree to provide Lessee, upon request and at Lessee's sole cost and expense, with access to all of such Party's applicable respective information technology and electronic information, Medical Data Department (MDS), accounts receivable, payroll and any other information that is available and reasonably required by Lessee in order to facilitate the use by Lessee of the Provider Agreements, subject to the County's and Lessor's reasonable rules and regulations as to the use thereof, and provided further that Lessee shall indemnify, defend and hold harmless Lessor and its respective Released Parties from and against all losses, costs, expenses, damages, claims and liability suffered, incurred, paid or required under penalty of law (including, without limitation, reasonable attorneys' fees and disbursements) to be paid by such party resulting in whole or in part from Lessee's access to such information.

1.4 Lessee's Applications. Lessee represents and warrants to Lessor and the County that it will as of the Effective Date obtain the appropriate licenses, permits, certificates, certificates of need consents and/or approvals from the New Jersey Department of Health, New

Jersey Division of Medical Assistance and Health Services and/or any other Governmental Authority Regulatory Agency (“Regulatory Agencies”) to permit Lessee to operate the Nursing Home under Lessee’s name. “Governmental Authority” shall mean any court, board, agency, commission, office or other authority for any governmental unit (federal, state, county, district, municipal, city or otherwise).

1.5. Each party hereto agrees to notify the other within seven (7) business days after receipt of any notice of any claim of recapture by NJDOH, CMS, OIG or any other governmental or quasi-governmental authority with respect to an alleged Medicare or Medicaid overpayment or any alleged underpayment of any tax or assessment for periods relating prior to the Effective Date (collectively “Recapture Claim”). To the extent ascertainable on or prior to the Effective Date, County shall pay or cause to be paid any Recapture Claim which is for the periods prior to or on the Effective Date; provided, however, nothing herein shall be deemed to prevent or restrict County from contesting any such Recapture Claim, and, if, based on the advice of its attorneys, by paying such Recapture Claim, County shall have forfeited its right to such contest, County may delay paying such Recapture Claim until final resolution of such contest, so long as County complies with the provisions of this Section 1.

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

1.7. If County does not prevail with regard to such contest, notwithstanding the provisions of Section 5 hereof, the County hereby agrees to save, indemnify, defend and hold Lessee harmless from and against any loss, damage, injury or expense incurred by Lessee arising from or related to any such Recapture Claim. In connection with the foregoing indemnification obligation, in the event that CMS or any other governmental or quasi- governmental authority or agency or other third party payor source withholds amounts from Lessee’s reimbursement checks as a result of such Recapture Claim, County shall pay such amounts to Lessee within ten (10) days following Lessee’s demand therefor. Such payment shall be made regardless of whether County is then contesting such Recapture Claim.

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

1.9 County shall at its sole and exclusive cost and expense be liable and responsible for the correction of all violations cited by NJDOHS or any governmental agency in any survey (“Survey”) prior to or on or after the Effective Date as detailed in the Statement of Deficiencies issued by any governmental agency (“Statement”), if any, accompanying said Survey, and all proposed or imposed remedies, including but not limited to any CMP, that result from a condition or incident at the Facility prior to the Effective Date or as a result of an action or inaction of County prior to or on the Effective Date, until the same are cured and, if applicable, any proposed denial of payment by, or termination of certification to participate in, the Medicare or Medicaid programs set forth in the Statement or otherwise resulting from the Survey or Statement is withdrawn.

1.10 County shall deliver to Lessee copies of any Medicare and Medicaid cost reports for the Facility that have not been filed as of the Effective Date, for Lessee’s review, at least ten (10) days prior to filing of such reports, and provide Lessee with reasonable access to the underlying documentation for such reports.

2. Accounts Receivable.

2.1 Lessor and County shall retain its right, title and interest in and to all unpaid accounts receivable with respect to the Nursing Home which relate to the period prior to the Effective Date, including, but not limited to, any accounts receivable arising from rate adjustments which relate to the period prior to the Effective Date, even if such adjustments occur after the Effective Date and cost report settlements for all fiscal years prior to the Effective Date. As soon as reasonably practicable following the Effective Date, Lessor shall provide, or cause the County or the Lessor to provide, to Lessee a schedule setting forth the Nursing Home’s unpaid accounts receivable relating to the period prior to the Effective Date (the “Unpaid A/R Schedule”). Notwithstanding anything in the Agreement to the contrary (but subject to Section 2.4 below regarding payment of amounts received to Lessor or the County), Lessor or County shall retain all of its right, title and interest in and to all unpaid accounts receivable with respect to products consumed by or services provided by Lessor or County prior to the Effective Date regardless of whether or not such accounts receivable are set forth on the Unpaid A/R Schedule. During the survival period set forth in Section 7 below, Lessee shall be entitled to review, upon reasonable request with reasonable advance notice, all books and records of Lessor or the County, as applicable, as such relate to these receivables, and Lessor or the County shall cooperate with Lessee, at Lessee’s sole cost and expense, to provide copies of such books and records as reasonably requested by Lessee.

2.2 Payments received by Lessee on and after the Effective Date from third party payors (including, without limitation, Medicare and Medicaid), private pay residents and any other source shall be handled as follows:

2.2.1 If such payments either specifically indicate on the accompanying remittance advice, or if the Parties agree, that they relate to the period prior to the Effective Date, they shall be forwarded to Lessor or the County, along with the applicable remittance advice, within ten (10) days of receipt by Lessee; and

2.2.2 If such payments indicate on the accompanying remittance advice, or if the Parties agree, that they relate to the period on or after the Effective Date, they shall be retained by Lessee.

2.2.3 If such payments indicate on the accompanying remittance advice, or if the Parties agree, that they relate to periods for which both the Lessee and either the County or the Lessor are entitled to reimbursement under the terms hereof, the portion thereof which relates to the period on and after the date on which the Effective Date shall be retained by Lessee, and the balance shall be remitted to Lessor or County as provided at Section 2.4, below, to the extent of any pre-Effective Date balances.

2.2.4 Any payments received by Lessee during the first one hundred twenty (120) days after the Effective Date from or by a third party on behalf of residents with outstanding balances as of the Effective Date which fail to designate the period to which they relate will first be applied to pre-Effective Date balances and paid over to Lessor or the County as provided at Section 4.4, below, with any excess applied to balances due for services rendered by Lessee after the Effective Date.

2.2.5 Commencing upon the one hundred twenty-first (121st) day after the Effective Date, all non-designated payments will first be applied to any post-Effective Date balances, with the excess, if any, remitted to Lessor or the County and credited to pre-Effective Date balances.

2.3 If the Parties mutually determine that any payment hereunder was misapplied by the Parties, the Party which erroneously received said payment shall remit the same to the other at the next scheduled reconciliation, as provided at Section 5.4, below. Nothing herein shall be deemed to limit in any way either Parties' rights and remedies to recover accounts receivable due and owing under the terms of this Agreement.

2.4 Following the Effective Date, and extending through the periods required by Section 2.2, above, on or before the twentieth (20th) day following the last day of each month Lessee will produce and deliver to Lessor and the County an accounting and reconciliation of all funds received under Section 2.2, above. If the accounting performed hereunder results in a determination that Lessee owes money to Lessor or the County, such amount shall be paid by Lessee to Lessor or the County at the same time the accounting is sent to Lessor and the County. If the accounting performed hereunder results in a determination that Lessor or the County owes money to Lessee, such amount shall be paid by Lessor or the County to Lessee within fourteen (14) days of receipt of the accounting. Nothing in this Article 2 may be construed so as to create any obligation on behalf of Lessee to pursue collection of any accounts receivable of Lessor, provided, however, that Lessee shall reasonably cooperate with Lessor or the County in their respective efforts with respect thereto but without cost or expense to or liability of Lessee. Notwithstanding anything to the contrary contained herein, in consideration of certain services and payments performed and made by Lessor or the County, Lessor and the County hereby acknowledges and agrees that all amounts due and payable hereunder to Lessor or the County with respect to accounts receivable of the Nursing Home or other assets of Lessor or the County shall be paid to, and retained by, Lessor and/or the County hereby directs that all such amounts and

assets be paid and/or transferred directly to Lessor or the County in accordance with the terms hereof.

2.5 Lessee agrees that it will cooperate and promptly provide Lessor or the County with such information as Lessor or the County reasonably requests in connection with Lessor's or County's billing and collection of its accounts receivable, all at Lessor's or County's cost and expense. Similarly, Lessor and County agree that they will cooperate and promptly provide Lessee with such information as Lessee reasonably requests in connection with Lessee's billing and collection of its accounts receivable, including without limitation, any Lessee Receivables, all at Lessee's cost and expense.

2.6 Any asset, including any receivables attributable to any period prior the Effective Date, including any remittances and mail and other communications that is determined by the Parties' agreement or, absent such agreement, determined through by a court of competent jurisdiction, to be an asset of Lessor or the County that is or comes into the possession, custody or control of Lessee, shall forthwith be transferred, assigned and conveyed by Lessee to Lessor or County and until such transfer, assignment and conveyance, Lessee shall not have any right, title or interest in such asset, but instead shall hold such asset in trust for the benefit of Lessor or the County. Any asset, including any receivables attributable to any period from and after the Effective Date, including any remittances and mail and other communications that is determined by the Parties' agreement or, absent such agreement, determined by a court of competent jurisdiction, to be an asset of Lessee that is or comes into the possession, custody or control of Lessor or the County, shall forthwith be transferred, assigned and conveyed by Lessor or the County, as applicable, to Lessee and until such transfer, assignment and conveyance, Lessor and the County shall not have any right, title or interest in such asset, but instead shall hold such asset in trust for the benefit of Lessee.

2.7 The Lessor and County agree, that to the extent that any documentation or information considered an asset, for which a copy was retained by the Lessor or the County, that is deemed reasonably necessary by the Lessee to maintain or receive a copy of, and which was not otherwise provided to the Lessee on the Effective Date, a copy of such document or information shall be provided to the Lessee within one (1) business day of a written request delivered to the Lessor or the County for such documentation or information.

### 3. Patient Trust Accounts.

3.1 On or prior to the Effective Date, County shall provide to Lessee a true, correct and complete accounting (properly reconciled) certified as being true, correct and complete by County of any patient trust funds and an inventory of all residents' property held by County on the Effective Date for patients at the Facility, a copy of which is attached hereto as Schedule 3 ("Patient Trust Funds and Property").

3.2 County hereby agrees to transfer, or to cause to be transferred, to Lessee the Patient Trust Funds and Property on the Effective Date. County shall comply with all governmental statutes, rules and regulations with respect to the transfer of such Patient Trust Funds and Property. Lessee hereby agrees that it will accept the Patient Trust Funds and Property in trust for the residents, in accordance with applicable statutory and regulatory requirements; provided, however,

such transfer shall not relieve County of its custodial and fiduciary responsibilities for such funds and property to the beneficiaries thereof for the period prior to and on the Effective Date.

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

3.4 In addition to and not in lieu, place, stead or substitution of any other indemnity set forth herein, Lessee will indemnify, defend and hold County harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event a claim is made against County by a patient for his/her Patient Trust Funds and Property where said funds were transferred to Lessee pursuant to the terms hereof, or for claims which arise from actions or omissions of Lessee after the Effective Date with respect to Patient Trust Funds and Property actually received by Lessee.

4. Further Assurances. Each of the Parties hereto agrees to execute and deliver any and all further agreements, documents, forms or instruments necessary or reasonably desirable 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.

5. Survival of Provisions. The covenants, obligations, representations and warranties of the Parties contained in this Agreement, any exhibit or schedule hereto, or any certificate or document delivered pursuant hereto shall be deemed to be material and to have been relied upon by the Parties hereto and shall survive the Effective Date for a period of two (2) year, unless otherwise set forth herein, and shall not be merged into any deeds or other documents delivered in connection with the Effective Date or the Lease Agreement.

6. Consequential, Incidental or Punitive Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NO PARTY TO THIS AGREEMENT SHALL BE LIABLE TO OR OTHERWISE RESPONSIBLE TO ANY OTHER PARTY HERETO OR ANY AFFILIATE OF ANY OTHER PARTY HERETO FOR CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES OR FOR DIMINUTION IN VALUE OR LOST PROFITS THAT ARISE OUT OF OR RELATE TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE PERFORMANCE OR BREACH OF OR ANY LIABILITY RETAINED OR ASSUMED HEREUNDER.

7. Notices. Any notice, demand or communication required, permitted or desired to be given hereunder shall be addressed and delivered to the Parties at their respective addresses below and be deemed effectively given when personally delivered if hand delivered, three (3) business days after mailing if mailed by prepaid certified mail, return receipt requested, or one (1) day after dispatch if sent for overnight delivery by a nationally recognized courier:

If to the County:

Morris County  
P.O. Box 900  
Morristown, New Jersey 07963  
Attention: Administrator  
Telephone No.:  
Fax No.:  
E-mail :

With Copy To:  
David A. Weinstein, Esq.  
Archer & Greiner, P.C.  
One Centennial Square  
Haddonfield, New Jersey 08033  
Telephone No.: 856-795-2121  
Fax No.: 856-795-0574  
E-mail: [dweinstein@archerlaw.com](mailto:dweinstein@archerlaw.com)

If to the Lessor:

Morris County Improvement Authority  
P.O. Box 900  
Morristown, New Jersey 07963  
Attention: Executive Director

and to

Matthew D. Jessup, Esquire  
McManimon, Scotland & Baumann, LLC  
75 Livingston Avenue  
Roseland, New Jersey 07068  
Telephone (973) 622-1800  
Fax (973) 622-7333  
Email [mjessup@msbnj.com](mailto:mjessup@msbnj.com)

If to the Lessee:  
Morris View Management Co, LLC, D/B/A Morris View Healthcare Center.  
115 Dutch Lane Rd  
Freehold, NJ 07728  
Attn:  
Telephone No.:

With copy to:

Fred Gruen, Esquire  
Gruen & Goldstein  
1150 West Chestnut Street

PO Box 1553  
Union, NJ 07083  
Phone# 908-687-2030  
Fax# 908-687-5391  
Email [fgruen@gruengoldstein.com](mailto:fgruen@gruengoldstein.com)

or such other address, and to the attention of such other person as either Party may designate by written notice.

8. Governing Law. This Agreement has been executed and delivered in, and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the Lessor of New Jersey.

9. Waiver of Breach. The waiver by either Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be a waiver of, any subsequent breach of the same or other provision hereof.

10. Legal Fees. In the event either Party resorts to legal action to enforce the terms and provisions of this Agreement, the prevailing Party shall be entitled to recover the costs of such action incurred, including, without limitation, reasonable attorneys' fees.

11. Gender and Number. Whenever the context hereof requires, the gender of all words shall include the masculine, feminine, and neuter, and the number of all shall include the singular and plural.

12. Severability. In the event any provision of this Agreement is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Agreement, which shall remain in full force and effect and enforceable in accordance with its terms.

13. Entire Agreement; Amendments. This instrument contains the entire agreement between the Parties hereto with respect to the subject matter hereof. All representations, promises and prior or contemporaneous undertakings between such Parties are integrated into and expressed in this instrument, and any and all prior agreements between such Parties are hereby canceled. The agreements contained in this instrument shall not be amended, modified, or supplemented except by a written agreement duly executed by Lessor and Lessee.

14. Counterpart Execution; Facsimile Execution. This Agreement may be executed in any number of counterparts with the same effect as if the Parties hereto had signed the same document. All counterparts will be construed together and shall constitute one lease. Signatures transmitted by facsimile shall have the same effect as original signatures.

[REMAINDER OF PAGE IS BLANK – SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, THE PARTIES HEREBY EXECUTE THIS AGREEMENT AS OF THE DAY AND YEAR FIRST SET FORTH ABOVE.

ATTEST:  
  
\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**COUNTY:**  
MORRIS COUNTY, NEW JERSEY  
  
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WITNESS:  
  
\_\_\_\_\_

\_\_\_\_\_

ATTEST:  
  
\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LESSOR:**  
MORRIS COUNTY IMPROVEMENT  
AUTHORITY  
  
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WITNESS:  
  
\_\_\_\_\_

\_\_\_\_\_

ATTEST:  
  
\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LESSEE**  
MORRIS VIEW MANAGEMENT CO, LLC,  
D/B/A MORRIS VIEW HEALTHCARE CENTER.  
  
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WITNESS:  
  
\_\_\_\_\_

Exhibit "E"

**STAFFING PLAN**



**MORRIS VIEW STAFFING PLAN**

Allaire typically sets its employees rates on the higher side of the wage scale so that it could attract top caliber staff as well as retain them without fear of them wanting to go elsewhere for a higher rate. If there is a union contract in place then those are the rates given. The patterns below is what Allaire would typically set the staffing at. The below patterns are based on a in-house census of at least 256.

Staffing by UNIT per 24 Hour Period							
UNIT	Shift	NURSES	CNA	UNIT	Shift	NURSES	CNA
1A	7-3	3	5	2A	7-3	3	5
	3-11	3	6		3-11	3	6
	11-7	1	4		11-7	1	4
1B	7-3	3	6	2B Sub-Acute	7-3	2	3
	3-11	3	6		3-11	1	3
	11-7	1	4		11-7	1	2
1D	7-3	3	5	2D	7-3	3	6
	3-11	2	4		3-11	2	5
	11-7	1	2		11-7	1	3

Nursing Administration		TOTAL Staff by Shift		
DOA	1	7-3	3-11	11-7
ADON	1	RN Supervisor	1	1
Employee Educator (RN)	1	RN-LPN	17	14
RN Supervisor	2	CNA	32	30
Ward Clerk	6	TOTAL	49	44
			25	25

Employee Rates		
Position	Total Staff per 24 HRS	Rates
RN Supervisor	2	\$34-\$38
RN-LPN	37	\$23-\$34
CNA	81	\$12-\$16

ADMINISTRATION Staffing			
Position	Qty	Position	Qty
Administrator	1	Admissions Coordinator	1
Assistant Administrator	1	External Case Manager	1
Business Office Manager	1	Marketer	1
Business Office Assistant	1	Medical Records	1
Human Resources	1	Central Supply	1
Receptionist	1	Staffing Coordinator	1

RECREATION Staffing		
Position	Qty	Rates
Recreation Director (CNA)	1	\$45k-\$65k per yr
Recreation Assistant	11	\$10-\$14 per hr

SOCIAL SERVICES Staffing		
Position	Qty	Rates
Director	1	\$50k-\$65k per yr
Social Workers FT	2	\$45k-\$55k per yr
Social Workers PT	1	7

GRAND TOTAL 1-2011-2	
Department	Total
Administration	12
Nursing Administration	11
Nursing	120
Recreation	12
Social Services	4
<b>TOTAL</b>	<b>159</b>

\*\* Please note- Rehabilitation, Dietary and Building services will be contracted to outside vendors. While Allaire does not put quantity of staff as a requirement in its covenant agreements there are quality clauses Allaire holds its vendors up to high quality standards.

Schedule "A"

**LEASED PREMISES**



