

MANAGEMENT SERVICES AGREEMENT

FOR

CORVALLIS CARING PLACE, INC.
CORVALLIS, OREGON

PARTIES AND EFFECTIVE DATE

This Management Services Agreement is entered into as of the 1st day of October, 2017, by and between CORVALLIS CARING PLACE, INC. (referred to herein as CCP), an Oregon corporation with its principal offices at 750 NW 23rd St., Corvallis, Oregon and MENNONITE MANAGEMENT SERVICES, INC. (referred to herein as MMS), an Oregon corporation with its principal offices at 5353 Columbus St. SE, Albany, Oregon.

I. STATEMENT OF PURPOSE

- a. CCP owns an Assisted Living Facility in Corvallis, Oregon, containing 42 residential dwelling units, common areas, and dining facilities.
- b. CCP desires to engage the services of MMS in accordance with CCP's mission, objectives, and purposes for the operation and management of CCP.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

II. TERM

This Agreement shall be effective the 1st day of October, 2017 and shall continue through September 30, 2022 unless terminated sooner as provided herein.

III. SCOPE OF SERVICES

- a. The Agreement contemplates MMS providing the following services:
 - i. Management Services to be performed by MMS under this contract as outlined in Schedule A to this Agreement, which is hereby incorporated by reference.
- b. The services described in Schedule A may be revised by mutual consent of the parties as the need arises.

- IV. CCP hereby appoints MMS as Agent, and MMS hereby accepts the appointment, on the terms and conditions hereinafter provided, as exclusive management Agent of CCP.

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III. SCOPE OF SERVICES

- a. The Agreement contemplates MMS providing the following services:
 - i. Management Services to be performed by MMS under this contract as outlined in Schedule A to this Agreement, which is hereby incorporated by reference.
- b. The services described in Schedule A may be revised by mutual consent of the parties as the need arises.

- IV. CCP hereby appoints MMS as Agent, and MMS hereby accepts the appointment, on the terms and conditions hereinafter provided, as exclusive management Agent of CCP.

V. MMS will manage CCP in a reasonable and prudent business manner and will perform all specific duties as set forth in this agreement.

VI. STAFFING

- a. In the performance of its obligations hereunder, MMS will employ an individual to serve as the full-time, on-site Administrator of CCP. This individual will be an employee of MMS, but will be selected with the advice and consent of the CCP Board of Directors. The Administrator shall not be transferred or otherwise terminated from employment without prior written notice to CCP. The parties hereto will mutually agree upon the position description (See attached job description), reporting relationships, and salary level for the Administrator. Benefits available to the Administrator will be at the prevailing benefit package available to MMS employees and as listed in MMS Employee Handbook. All salaries and benefits of the on-site administrator shall be paid by MMS and reimbursed by CCP.
- b. Facility personnel are employees of CCP. The costs of recruiting, selecting, hiring, training, promoting, directing, and terminating as needed all facility personnel are an obligation of CCP. CCP will establish the salary levels, personnel policies, employee benefits, and employee performance standards. All personnel functions shall be the responsibility of the CCP Administrator. All salaries and benefits of CCP staff are the obligation of CCP, and will be paid directly by CCP.

VII. COMPENSATION

- a. CCP agrees to pay the following to MMS as compensation for services rendered hereunder:
 - i. The Management Fee
 1. MMS will receive an amount equal to 5.5 % (five and one half percent) of the monthly Gross Operating Revenue or \$3,000 monthly whichever is greater.
 - a. For the purposes of this agreement Gross Operating Revenue shall include all rents and service fees, supplies and ancillary services when billed to the resident, other-operating income such as non-resident meal sales and interest income earned on the general operating and payroll bank accounts. Income & interest earned on investments are not includable in the computation of Gross Operating Revenue. Refundable deposits or any other receipt that would properly be classified as a balance sheet item per generally accepted accounting principles are not includable in the computation of Gross Operating Revenue for this section.

2. The Management Fee shall be billed monthly and will be due and payable when billed.
3. Management Services are outlined and agreed to in Schedule A.

VIII. INSURANCE

- a. MMS, acting in its capacity as Agent, shall in the name of and at the expense of CCP, acquire and continuously maintain the following insurance coverage at a minimum:
 - i. Property insurance on a “Special Form” cause of loss policy form for the full replacement cost on buildings and contents, or amounts required by any lending institutions, whichever is greater. Coverage for loss of income due to a property loss shall be included.
 - ii. Commercial General Liability, including coverage for professional malpractice and abuse with a limit not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate or higher limits if required by the State of Oregon.
 - iii. Workers’ Compensation including Employer’s Liability
 - iv. Business Automobile coverage for any owned, non-owned or hired automobiles with a limit of not less than \$1,000,000 per accident.
 - v. Employee Dishonesty Crime coverage on all CCP employees and any MMS employees who are acting as Agents for CCP with a \$250,000 limit.
 - vi. Directors and Officers insurance, including Employment Practices Liability with a limit of not less than \$1,000,000 per incident.
- b. MMS shall maintain on behalf of CCP copies of all policies from the insurers evidencing the required coverage and shall name MMS and any other party designated by CCP as an Additional Insured on the Commercial General Liability including professional malpractice and abuse liability.
- c. All insurers shall have a minimum A.M. Best rating of A- VII or be approved by CCP prior to placement of coverage.
- d. Any deductibles or retentions on the insurance required under (a) shall be the responsibility of CCP.
- e. CCP shall be responsible for the payment of any and all premiums for such insurance. The cost of such insurance shall be charged as an operating expense of the facility. MMS will notify CCP by certified mail within ten (10) days following receipt of notice by MMS of any cancellation or material change of such insurance coverage.

- f. All policies required by this agreement shall include provisions that such insurance is primary insurance with respect to the interest of MMS, and that any other insurance maintained by MMS is excess and not contributory insurance with the insurance required hereunder.

IX. OTHER CONTRACT PROVISIONS

a. DISPUTE RESOLUTION

- i. Any dispute or claim that arises out of, or that relates to, this agreement or to the interpretation or breach thereof, or to the existence, scope, or validity of this agreement or the arbitration agreement, shall be resolved by arbitration in Albany, Oregon, in accordance with the then effective arbitration rules of (and by filing a claim with) Arbitration Service of Portland, Inc., and judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

b. ATTORNEY FEES:

- i. In the event suit or action is brought or an arbitration proceeding is initiated to enforce or interpret any of the provisions of this agreement, or that arise out of or relate to this agreement, the prevailing party shall be entitled to reasonable attorney's fees in connection therewith. The determination of who is the prevailing party and the amount of reasonable attorney's fees to be paid to the prevailing party shall be decided by the arbitrator(s) (with respect to attorney's fees incurred prior to and during the arbitration proceedings) and by the court or courts, including any appellate court, in which such matter is tried, heard, or decided, including a court that hears a request to compel or stay litigation or that hears any exceptions or objections to, or requests to modify, correct, or vacate, an arbitration award submitted to it for confirmation as a judgment (with respect to attorney's fees incurred in such court proceedings).

c. PERFORMANCE STANDARDS

- i. MMS agrees to perform services at CCP in accordance to the standards as set forth in this section.
 - 1. Occupancy Rate: Commercially reasonable efforts will be made to maintain a target occupancy rate of at least 95%.
 - 2. Resident Satisfaction Survey: A resident satisfaction survey shall be conducted on a bi-annual basis. Results of the survey will be communicated to the CCP Board within 60 days following receipt of the final tabulation of the survey. The CCP Board report shall contain an action plan for any area

that is mutually determined to be unsatisfactory.

3. Employee Survey: An employee satisfaction survey shall be conducted on a bi-annual basis. Results of the survey will be communicated to the full CCP Board within 60 days following receipt of the final tabulation of the survey. The board report shall contain an action plan for any area that is mutually determined to be unsatisfactory.
 - a. An exit interview, if reasonably possible, will be held with all terminating employees.
4. Occurrence Reporting: Immediately after an occurrence report is submitted to the State, the CCP Administrator will share relevant information with the CCP Board of Director's Quality Assurance Committee members and President of the CCP Board. The CCP Administrator will also brief the CCP Board on occurrence reports during the Administrator's Report at regularly scheduled Board meetings. Reports shall include occurrences involving residents, staff, visitors, and guests that are reportable to the State.
5. Financial Performance: CCP shall be managed within the guidelines set by the annual operating budget, as approved or subsequently adjusted by action of the CCP Board. Rates, with prior CCP Board approval, and/or expenses will be adjusted as necessary to achieve a minimum debt service coverage ratio of at least 1.15.
6. Regulation by the lenders: MMS understands that CCP is receiving loans from lender(s) and must comply with all provisions of the loan documents. In performance of its duties hereunder, MMS agrees to comply with all relevant provisions of the loan documents. In the event of a conflict between this Agreement and the loan documents, the loan documents control.
7. Compliance with State of Oregon Assisted Living Facility licensing requirements shall be met at all times.
8. Building Maintenance, Systems and Grounds: The CCP building and related equipment and systems and outside grounds shall be maintained to State of Oregon and local building and fire codes standards and to expectations of the CCP Board of Directors. MMS will oversee preventative and ongoing maintenance and regular inspections for the building and all of its components, equipment and systems.
9. MMS Performance Evaluation: Annually within 60 days of the anniversary date of this Agreement, representatives from both MMS and CCP Board of

Directors shall meet for the purpose of evaluating the performance by MMS under the terms of this agreement and the relationship between MMS and CCP.

X. TERMINATION and RENEWAL

- a. This Agreement will automatically renew for a five (5) year term unless notice of intent not to renew is received 60 days prior to the expiration of the term of this Agreement. Renewal shall not be effective until the completion of the annual performance evaluation per section IX c. i. 9
- b. This Agreement may be terminated with or without cause with 120 days written notice. In the event this Agreement is terminated prior to the expiration date, this Agreement may continue on a month-to-month basis upon the consent of both parties.
- c. Failure of MMS to perform in accordance with the Performance Standards will constitute "cause."
- d. If a petition in bankruptcy is filed by either party, or if either party shall make an assignment for the benefit of creditors or take advantage of any insolvency act, the other party may terminate this Agreement upon ten (10) days written notice to the other party.
- e. Upon termination, all sums then accrued and due under this Agreement shall be immediately due and payable.
- f. In the event of termination, MMS shall assist CCP with an orderly transition of the facility's operations to a new operator. In connection therewith, MMS shall surrender to CCP all original contracts, documents, books, records, forms and reports that may be in the possession of MMS regarding the operation of the facility.

XI. APPLICABLE LAW

- a. This Agreement and the application hereof, shall be governed by and construed in accordance with the laws of The State of Oregon.

XII. INDEMNIFICATION

- a. Each party hereto ("Indemnifying Party") hereby respectively covenants and agrees to indemnify, defend and hold harmless the other party ("Indemnified Party") from any damages, losses, costs or expenses, including, but not limited to, any and all claims, demands, causes of action, court costs, fines, damages, judgments, and reasonable attorneys' fees incurred by the Indemnified Party in connection with any of the foregoing, as a result of the breach of any provision of this Agreement by the Indemnifying Party.

- b. Further, MMS covenants and agrees to indemnify, defend and hold harmless CCP from and against any damages incurred by CCP in connection with or as a result of any intentional misconduct by or gross negligence of MMS in the provision of the management and consultant services provided in this Agreement. MMS shall be indemnified by CCP for any damages sustained by MMS in connection with any action or inaction taken by MMS in connection with the performance of its duties hereunder, provided that MMS determines in good faith that such action or inaction is in the best interest of the facility or its operation, and further provided that such action or inaction does not constitute gross negligence or intentional misconduct of MMS or a violation of any laws.
- c. MMS will indemnify, defend, and hold CCP harmless from any loss incurred by or damage to CCP where such loss or damage result from the gross negligence or willful misconduct of MMS in performing its obligations under this Agreement.
- d. CCP will indemnify, defend, and hold MMS harmless from any loss incurred by or damage to MMS where such loss or damage result from the gross negligence or willful misconduct of CCP in performing its obligations under this Agreement.

XIII. BINDING AGREEMENT

- a. This agreement shall be binding on the parties, their heirs, executors, personal representatives, and successor management.
- b. Except as set forth herein, there are no promises, agreements, conditions, undertakings, warranties, or representations, oral or written, express or implied, between the parties with respect to the matters set forth herein.

XIV. SEVERABILITY

- a. In the event one or more of the provisions contained in this Agreement is deemed to be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the provisions hereof shall not in any way be impaired thereby.

XV. HEADINGS

- a. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

XVI. TERMINOLOGY

- XVII. All personal pronouns used in this Agreement, whether used in the masculine feminine or neuter gender, shall include all other genders and the singular shall include the plural, and vice versa as the context may require.

XVIII. THIRD PARTY BENEFICIARY

- a. The obligations and undertakings of MMS set forth in this Agreement are made for the benefit of CCP and shall not inure to the benefit of any creditor of CCP other than a partner, notwithstanding any pledge or assignment by CCP of this Agreement or any rights hereunder. Nothing in this agreement shall be construed to make either party to this Agreement liable for the debts or other obligations of any other party and the parties to this Agreement agree that no other person is intended to be a third-party beneficiary of this Agreement.

XIX. AMENDMENTS

- a. No change or modification to the Agreement shall be valid unless it is in writing and signed by both parties.

XX. MISCELLANEOUS

- a. Use of Name
 - i. MMS may use the name of Corvallis Caring Place while conducting regular MMS business. MMS may not use the name of Corvallis Caring Place for any other commercial purposes outside of the company's normal course of business without the prior written consent of CCP.
 - ii. CCP may use the name of Mennonite Management Services while conducting regular CCP business. CCP may not use the name of Mennonite Management Services for any other commercial purposes outside of the company's normal course of business without the prior written consent of MMS.

XXI. NOTICE

- a. Any notice which is or may be given to the parties hereto shall be deemed served if sent by certified mail, postage prepaid, return receipt requested, as follows:

- b. If to CCP: President of the Board of Directors

Corvallis Caring Place, Inc.
750 NW 23rd St.
Corvallis, Oregon 97330

- c. If to MMS: Chief Executive Officer

Mennonite Management Services
5353 Columbus St. SE
Albany, Oregon 97322

XXII. Assignment

- a. CCP reserves the right, at its sole option, to transfer, sell, or assign any and all of its interests in this Agreement to any partnership or other entity in which CCP holds a majority ownership interest. In the event this agreement is assigned to a CCP owned subsidiary, MMS agrees to release CCP from all liability under this agreement.
- b. MMS reserves the right, at its sole option, to transfer, sell, or assign any and all of its interest in this Agreement to any partnership or corporate entity in which MMS holds a majority ownership interest. In the event this agreement is assigned to an MMS owned subsidiary, CCP agrees to release MMS from all liability under this agreement.

XXIII. Subsequent Modification to Agreement

MMS and CCP recognize that modifications to the terms and conditions of this Agreement may be required by lenders and both parties to this Agreement are willing to make reasonable changes. MMS also agrees, if needed, to enter into a separate and distinct agreement for property management services provided herein at no additional cost to CCP if required by lenders.

XXIV. HUD Required Provisions

The following provisions of this Section XXIV shall apply for so long as (and only for so long as) CCP is subject to a mortgage loan which is insured by the U.S. Department of Housing and Urban Development ("HUD").

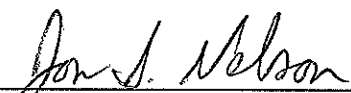
- a. The Agreement shall terminate without penalty upon failure to comply with the provisions of Management Certification to HUD, or for other good cause, including without limitation for violations of the Borrower's Regulatory Agreement, Operator's Regulatory Agreement, and/or Master Tenant's Regulatory Agreement, if any, thirty days after HUD has mailed to CCP or MMS, a written notice of its desire to terminate the Agreement;
- b. In the event that HUD determines that any of the Permits and Approvals reasonably necessary to operate the Healthcare Facility is at substantial and imminent risk of being terminated, suspended or otherwise restricted, if such termination, suspension or other restriction would have a materially adverse effect on CCP, the Agreement shall terminate immediately without penalty upon HUD's issuance of a notice of termination to CCP or MMS, as applicable, or any such management agent; and
- c. The Agreement may not be assigned without the prior written approval of HUD.
- d. The books, records, and accounts of any agent of CCP, as they pertain to the operations of CCP, shall be kept in accordance with the requirements of Section 19 of the Healthcare

Regulatory Agreement - Borrower, and be available for examination by HUD or its authorized representatives after reasonable prior notice during customary business hours at CCP or other mutually agreeable location or, at HUD's request, MMS shall provide legible copies of such documents to HUD or its authorized representatives within a reasonable time after HUD or its authorized representative makes the request.

- e. This and all other or subsequent management agreements must be approved by HUD and be consistent with Program Obligations. In the event of a conflict between the Agreement and Program Obligations, Program Obligations shall control.
- f. Any hold-harmless provisions or agreements between MMS and CCP are void and of no effect.
- g. In no event shall MMS have rights to or claims on funds owed to CCP.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date written above.

For Corvallis Caring Place, Inc.:



Jon Nelson, President

7/16/18
Date

For Mennonite Management Services:



Ron Litwiller, CEO

7/16/18
Date

SCHEDULE A
MANAGEMENT SERVICES

Supervision and responsibility cost included in management fee per Section VI Compensation

- Responsible for insuring services are provided to residents of the Assisted Living facility in accordance with the Administrative Rules of the State of Oregon for Residential Care Facilities/Assisted Living Facilities, ORS 411-56-0000 through 411-054-0300, and any changes or subsequent modifications thereto.
- Obtain and maintain all licenses, permits, and approvals by applicable regulatory authorities with respect to the operation of the facility, and maintain certification from public third party payment programs, if any. All licenses, permits, approvals and certifications shall be in the name of CCP unless regulatory agencies require otherwise and will be an expense of CCP.
- Performance standards as developed per section IX (c).
- MMS will be responsible for ensuring that CCP meets all regulatory and compliance requirements including compliance with 501-c-3 status.
- Prepare and submit Annual Operating Budget. The Board will review and discuss comparative wage information, comparative resident rates and other financial plans, such as capital needs, at the beginning of the annual budget cycle during September, October and November of each year.
- Direct and supervise all facility functions, including administration, marketing, health services, food service, social activities, plant operations and maintenance.
- Assist CCP Board of Directors in developing public relations and fund raising materials and cooperate with and support CCP in hosting of events on site for fundraising or public relations purposes. Costs of producing of all collateral material will be an expense of CCP.
- Make available to the CCP Board of Directors opportunities for development and training sessions on at least an annual basis.
- Assistance with capital replacement planning for the CCP Board of Directors including initial planning process and securing appropriate professional services for Phase II development.
- Administrative support to CCP Board of Directors (preparation of Board packets and assistance with meeting preparation as requested by the Board).
- Financial and Accounting
 - Monthly Balance Sheet and Income Statement
 - Maintain Resident Billing Records
 - Maintain Accounts Receivable, Collection, and Accounts Payable.
 - Yearend 1099 Statements
- Prepare Payroll (including yearend W-2's)
- Complete General Ledger
- Preparation and Delivery of all reports to lenders, partners, and other agencies or entities may be required.
- MMS shall coordinate the filing of the IRS Form 990 and the State of Oregon Form CT12.
- Normal HR support services as requested by Executive Director.

Services not contemplated may be provided with an additional negotiated fee