



C A L I F O R N I A

DEPARTMENT of JUSTICE

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August 20, 2025

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Dale S. Webber
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Thomas J. Quinlan
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Sent via Email

RE: Proposed Affiliations of East Bay Integrated Care, Inc. and Chapters Health System, Inc. and Hospice of Santa Cruz County and Chapters Health System, Inc.

Dear Mr. Miller, Mr. Webber, and Mr. Quinlan,

Pursuant to Corporations Code section 5920 *et seq.*, the Attorney General hereby conditionally consents to the proposed affiliations of East Bay Integrated Care, Inc., a California nonprofit public benefit corporation, and Hospice of Santa Cruz County, a California nonprofit public benefit corporation, to Chapters Health System, Inc. a Florida not-for-profit corporation, pursuant to the terms of the Affiliation Agreements dated October 2, 2024, and October 28, 2024.

Corporations Code section 5920 and California Code of Regulations, title 11, section 999.5, subdivision (f) set forth factors that the Attorney General shall consider in determining whether to consent to a proposed transaction between a nonprofit corporation and another nonprofit corporation or entity. The Attorney General has considered such factors and

consents to the proposed transaction subject to the attached conditions that are incorporated by reference herein.

Thank you for your cooperation throughout the review process.

Sincerely,

Melissa A. Hamill

MELISSA A. HAMILL
Deputy Attorney General

For ROB BONTA
 Attorney General

Attachments:

(1) Summary of Conditions
(2) Attorney General Conditions
and Exhibits 1 & 2

SUMMARY LIST OF CONDITIONS

Condition I: Identifies the entities that are legally bound by the Conditions: Chapters Health System, Inc. (Chapters), a Florida not-for-profit corporation, and East Bay Integrated Care, Inc., doing business as Hospice East Bay (HEB), a California nonprofit hospice, and Hospice of Santa Cruz County (HSCC), a California nonprofit hospice.

Condition II: Identifies the transaction documents and requires the Parties to fulfill their terms, as well as provide sixty (60) days' advance notice of any modifications or rescissions, or any to allow for Attorney General review.

Condition III: Requires sixty (60) days' advance notice of any transfer or change in governance/control or any substantial limitation of licensed and certified hospice services for five (5) years.

Condition IV and V: Requires continuous licensure from the California Department of Public Health and certifications from the Centers for Medicare and Medicaid Services (CMS) for hospice and palliative care services, and maintenance of all existing levels of services and beds for five (5) years.

Condition VI, VII and VIII: Requires the proceeds of any sale of assets, or use of revenues, fundraising and restricted funds of East Bay Integrated Care, Inc. and Hospice of Santa Cruz County, to be used and preserved in accordance with their respective charitable purposes and pursuant to the affiliation agreements for five (5) years.

Condition IX: Requires East Bay Integrated Care Inc. to use commercially reasonable efforts to maintain or otherwise reinstate and maintain specialty services for a period of five (5) years.

Condition X: Requires maintaining professional and direct care staffing in accordance with California licensing and CMS certification for five (5) years and requires East Bay Integrated Care, Inc. and Hospice of Santa Cruz County, to offer employment to staff in good standing.

Condition XI: Prohibits discrimination on the basis of protected personal characteristics.

Condition XII: Requires honoring all commitments made to East Bay Integrated Care, Inc.'s employees in collective bargaining agreements or in accordance with the affiliation agreement, and to collectively bargain in good faith in accordance with California law or the National Labor Relations Act, and to report any Unfair Labor Practice Act filings to the Attorney General within thirty (30) days, for five (5) years.

Condition XIII: Requires creation of an Advisory Council for Chapters West Region, and requires creation of Quality Advisory Committees that will provide feedback recommendations for patient care practices regarding quality of life and quality of care for patients at East Bay Integrated Care, Inc. and Hospice of Santa

Cruz County, and to provide a summary annual report to the Attorney General for five (5) years.

Condition XIV: Requires timely and effective implementation of patient triage and referral for patients designed to prevent delays in patient care for five (5) years.

Condition XV: Requires reporting of compliance and regulatory findings to the Attorney General within thirty (30) days for a period of five (5) years.

Condition XVI: Requires continuous participation in Medi-Cal and Medicare programs for five (5) years.

Condition XVII: Requires maintenance of existing contracts with state and local governments for five (5) years.

Condition XVIII: Requires annual detailed reporting of compliance with Conditions no later than six months after the conclusion of each year for five (5) years.

Condition XIX: Requires provision of information that is reasonably necessary for the Attorney General to monitor compliance with the Conditions for five (5) years.

Condition XX: At closing of the Affiliation Agreement, the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability of and compliance with the Conditions for their duration. The Attorney General reserves the right to enforce Conditions to the fullest extent of the law and recover attorneys' fees and costs.

Attorney General's Conditions to the Proposed Change in Control and Governance of East Bay Integrated Care, Inc., d/b/a Hospice East Bay a California Nonprofit Public Benefit Corporation, through an Affiliation Agreement with Chapters Health System, Inc., a Florida Not For Profit Corporation; Attorney General's Conditions regarding the Proposed Change in Control and Governance of Hospice of Santa Cruz County, a Nonprofit Public Benefit Corporation, through an Affiliation Agreement with Chapters Health System, Inc., a Florida Not For Profit Corporation.

I.

These Conditions shall be legally binding on the following entities: East Bay Integrated Care, Inc. d/b/a Hospice East Bay (HEB),¹ a California nonprofit public benefit corporation, Hospice of Santa Cruz County (HSCC),² a California nonprofit public benefit corporation, Chapters Health System, Inc., a Florida not for profit corporation (Chapters), and any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar to any of the above-listed entities, including their subsidiaries, any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of any of the above-listed entities or the real property on which the aforementioned entities operate or are located; any and all current and future owners, licensees, or operators of any of the above-listed entities; and any and all current and future owners of the real property on which any of the above listed entities operate or are located.

II.

The transaction approved by the Attorney General consists of the Affiliation Agreement, dated October 2, 2024, attached hereto as Exhibit 1, by and among HEB and Chapters, and the Affiliation Agreement, dated October 28, 2024, attached hereto as Exhibit 2, by and among HSCC and Chapters, and any and all amendments, agreements, or documents referenced in or attached as an exhibit or schedule to any of the foregoing agreements (collectively, the "Affiliation Agreements"). As used in these Conditions, the term "Commercially Reasonable" shall mean reasonable, diligent, good faith efforts to accomplish such Condition as would be exercised by a similarly situated hospice in a similar market, in California, with comparable resources, payor mix, and payor rates servicing similar community needs.

¹ Throughout this document, the term "HEB" and "HEB's licensed multiple locations" shall include the following: the 6-bed inpatient licensed and certified hospice facility known as "Bruns House," located at 2849 Miranda Avenue, Alamo, CA 94507, California Department of Public Health facility license number 020000650; the licensed and certified hospice with palliative care services located at 3470 Buskirk Avenue, Pleasant Hill, CA 94523, and the approved other hospice location located at 6425 Christie Ave, Suite 265, Emeryville, CA 94608, California Department of Public Health license number 070000568; the retail hospice thrift shoppes located at 1536 Newell Ave Walnut Creek, CA 94596; 959 Contra Costa Blvd Pleasant Hill, CA 94523; 444 Diablo Road Danville, CA 94526; 5350 Clayton Road, Concord, CA 94521; 3162 Danville Blvd, Alamo, CA 94507; and 550 Morello Ave, Martinez, CA 94553.

² Throughout this document, the term "HSCC" shall include the following: the licensed and certified hospice with palliative care services, located at 940 Disc Drive, Scotts Valley, CA 95066, California Department of Public Health, license number 070000246; and the licensed and certified hospice located at 65 Nielson St, Suite 121, Watsonville, CA 95076, license number 070000246.

The entities listed in Condition I shall fulfill the terms of their respective Affiliation Agreements including, but not limited to, any exhibits or schedules to those Affiliation Agreements, and shall notify the Attorney General in writing of any proposed modifications or rescissions. Such notifications shall be provided at least sixty (60) days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5923 and require the Attorney General's approval.

III.

For five (5) years from the Closing Date of the Affiliation Agreements,³ the entities covered by Condition I shall be required to provide written notice to the Attorney General sixty (60) days prior to entering into any agreement or transaction to do any of the following, and shall be required to receive approval or conditional approval from the Attorney General, prior to taking any acts to:

- a) Sell, transfer, lease, exchange, option, convey, manage, or otherwise dispose of any entity covered by Condition I; or
- b) Transfer control, responsibility, management, or governance of any entity covered by Condition I. The substitution or addition of a new corporate member or members of any entity covered by Condition I that transfers the control of responsibility for, or governance of that entity shall be deemed a transfer for purposes of this Condition.
- c) Substantially limit the provision of any specific type of licensed or certified hospice, palliative, or bereavement, services provided to patients or families of patients at HEB or HSCC. "Substantially limit," as used in this condition, shall mean any affirmative act or acts, separately or in aggregate, that the entities in Condition I could reasonably expect may cause a 50% or more reduction in the total volume of the licensed or certified hospice, palliative or bereavement services provided at HEB or HSCC. Substantially limit, as used in this condition, shall also mean the reduction or suspension of any number of licensed beds located at HEB's inpatient hospice facility, Bruns House.

IV.

For five (5) years from the Closing Date of the Affiliation Agreement between HEB and Chapters, HEB and Chapters shall maintain continuous licensure as a hospice inpatient 6-bed facility at Bruns House, pursuant to subdivision (n) of section 1250 of the California Health and Safety Code, continuous licensure as a hospice at all HEB's licensed multiple locations pursuant to subdivision (b) of section 1339.40, subdivisions (d) and (j) of section 1746, and sections 1747, 1748 and 1751 of the California Health and Safety Code, continuous certification as a hospice at all HEB's licensed multiple locations by The Centers for Medicare and Medicaid Services (CMS), pursuant to Part 418 of Title 42 of the Code of Federal Regulations, and continuous provision of all of the following services:

- (a) specialized interdisciplinary healthcare, designed to provide palliative care, to alleviate the physical, emotional, social, and spiritual discomforts of an individual experiencing the last

³ As used herein, "Closing Date" is the later of the "Closing Date" as defined in Article 3, Section 3.1 of the Affiliation Agreement between HEB and Chapters, and the "Closing Date" as defined in Article 3, Section 3.1 of the Affiliation Agreement between HSCC and Chapters.

phases of life due to the existence of a terminal disease, and to provide supportive care to the primary caregiver and the family of the hospice patient, that meets all the following criteria:

- (1) Considers the patient and the patient's family, in addition to the patient, as the unit of care;
- (2) Utilizes an interdisciplinary team to assess the physical, medical, psychological, social, and spiritual needs of the patient and the patient's family;
- (3) Requires the interdisciplinary team to develop an overall plan of care and to provide coordinated care that emphasizes supportive services, including, but not limited to, home care, pain control, and limited inpatient services;
- (4) Provides for the palliative medical treatment of pain and other symptoms associated with a terminal disease, but does not provide for efforts to cure the disease;
- (5) Provides for bereavement services following death to assist the family in coping with social and emotional needs associated with the death of the patient;
- (6) Actively utilizes volunteers in the delivery of hospice services; and
- (7) To the extent appropriate, based on the medical needs of the patient, provides services in the patient's home or primary place of residence.

For five (5) years from the Closing Date of the Affiliation Agreement with Chapters and HEB, neither Chapters nor HEB, nor any other operator, licensee or manager of the hospice inpatient 6-bed facility, Bruns House, or of HEB's licensed multiple locations, shall place all the licensed-bed capacity or services in voluntary suspension or surrender its licenses for any beds or services.

V.

For five (5) years from the Closing Date of the Affiliation Agreement between HSCC, and Chapters, HSCC and Chapters shall maintain continuous licensure as a hospice at all HSCC's licensed multiple locations pursuant to subdivision (b) of section 1339.40, subdivisions (d) and (j) of section 1746, and sections 1747, 1748 and 1751 of the California Health and Safety Code, continuous certification as a hospice at all HSCC's licensed multiple locations by CMS, pursuant to Part 418 of Title 42 of the Code of Federal Regulations, and continuous provision of all of the following services:

(a) specialized interdisciplinary healthcare, designed to provide palliative care, to alleviate the physical, emotional, social, and spiritual discomforts of an individual experiencing the last phases of life due to the existence of a terminal disease, and to provide supportive care to the primary caregiver and the family of the hospice patient, that meets all the following criteria:

- (1) Considers the patient and the patient's family, in addition to the patient, as the unit of care;
- (2) Utilizes an interdisciplinary team to assess the physical, medical, psychological, social, and spiritual needs of the patient and the patient's family;
- (3) Requires the interdisciplinary team to develop an overall plan of care and to provide coordinated care that emphasizes supportive services, including, but not limited to, home care, pain control, and limited inpatient services;
- (4) Provides for the palliative medical treatment of pain and other symptoms associated with a terminal disease, but does not provide for efforts to cure the disease;

- (5) Provides for bereavement services following death to assist the family in coping with social and emotional needs associated with the death of the patient;
- (6) Actively utilizes volunteers in the delivery of hospice services; and
- (7) To the extent appropriate, based on the medical needs of the patient, provides services in the patient's home or primary place of residence.

For five (5) years from the Closing Date of the Affiliation Agreement between Chapters and HSCC, neither Chapters nor HSCC, nor any other operator, licensee or manager of HSCC's licensed multiple locations, shall place all the licensed services in voluntary suspension or surrender its licenses for any services.

VI.

For five (5) years from the Closing Date of the Affiliation Agreement between Chapters and HEB, that certain real property located at 3470 Buskirk Avenue, Pleasant Hill, California 94523, the Bruns House inpatient hospice facility located at 2849 Miranda Avenue, Alamo, California 94507, and any proceeds from any sale of any real property or health facility owned by HEB as of the Closing net of any gains or losses on invested assets, shall be irrevocably dedicated to use in the Service Area of HEB, which includes the counties of Contra Costa, Alameda, and Solano.

For five (5) years from the Closing Date of the Affiliation Agreement with Chapters and HEB, revenues from HEB's retail thrift store operations, HEB's fundraising, and funds from HEB's charitable contributions or grants to HEB shall be irrevocably dedicated for use in the Service Area of HEB, to include the counties of Contra Costa, Alameda, and Solano.

VII.

For five (5) years from the Closing Date of the Affiliation Agreement between Chapters and HSCC, that certain real property located at 940 Disc Drive, Scotts Valley, CA, 95066, and any cash savings, donated funds, or trust funds, owned or held by HSCC as of the Closing Date, shall continue to be held by HSCC solely for use in accordance with HSCC's corporate purposes, and in compliance with any donor restrictions relating to such assets for the benefit of HSCC's charitable mission in HSCC's Service Area, which includes the county of Santa Cruz.

For five (5) years from the Closing Date of the Affiliation Agreement between Chapters and HSCC, all fundraising proceeds raised by HSCC will be used by HSCC for healthcare and charitable purposes in HSCC's Service Area.

VIII.

For five (5) years, the entities in Condition I shall be bound by and honor the terms of all endowments and/or donor-restricted funds, and all beneficial interests of HEB or HSCC in any gifts or bequests shall continue. Future contributions to HEB or HSCC, whether under will, deed of trust or otherwise, shall be treated as contributions to the named Party.

IX.

For five (5) years from the Closing Date of the Affiliation Agreement between Chapters and HEB, Chapters and HEB shall use commercially reasonable efforts to maintain and provide existing specialty services for patients of HEB, or families of patients of HEB, including but not

limited to HEB's Bridge program and no Cost Child and Adolescent Grief Support program, HEB's Veteran's programs, and HEB's music programs. This condition is not intended to preclude programmatic changes in the provision of any specialty services at HEB, as warranted for operational flexibility. Within six (6) months from the Closing Date of the Affiliation Agreement between Chapters and HEB, Chapters and HEB shall use commercially reasonable efforts to reinstate, and five (5) years after the Closing Date of the Affiliation Agreement, Chapters and HEB shall use commercially reasonable efforts to maintain and provide Music Therapy services to HEB patients and their families, which are clinical and evidence-based music interventions to accomplish individualized goals within a therapeutic relationship by a credentialed professional who has completed an approved music therapy program.

For five (5) years, HEB and Chapters shall notify the Attorney General in writing within thirty (30) days of any temporary or permanent discontinuation of any specialty services, and shall include a written description, in detail, and with supporting documentation, of the reasons for the discontinuation and of the commercially reasonable efforts HEB, Chapters and their agents or representatives undertook to maintain the specialty services.

X.

For five (5) years from the applicable Closing Dates of the Affiliation Agreements, Chapters and HEB, and Chapters and HSCC, shall provide for professional and direct care staff at HEB and HSCC, including volunteers, in accordance with requirements in Part 418 of Title 42 of the Federal Code of Regulations, California Health and Safety Code sections 1339.44 (a) (1) through (15), 1749 (e), and 1753. 1., and with requirements in any emergency or other regulations or facility guidance that may be promulgated by the California Department of Public Health for hospices and hospice facilities throughout the duration of this Condition.

Upon Closing of the Affiliation Agreement, Chapters, and HEB shall offer employment at HEB to HEB's employed staff who are and remain in good standing, and Chapters and HSCC shall offer employment at HSCC to HSCC's employed staff who are and remain in good standing. This condition is not intended to preclude staff leadership changes at either HEB or HSCC as warranted for operational flexibility, nor is it intended to confer any rights to third-parties. Chapters, HEB, and HSCC shall fulfill the terms of their respective Affiliation Agreements regarding the commitments made with respect to HEB and HSCC employees.

XI.

The entities listed in Condition I shall prohibit unlawful discrimination in their services and programs at the facility on the basis of any protected personal characteristic identified in state and federal civil rights laws, including section 51 of the California Civil Code and title 42, section 18116 of the United States Code. Categories of protected personal characteristics include:

- a) Gender, including sex, gender, gender identity, and gender expression;
- b) Intimate relationships, including sexual orientation and marital status;
- c) Ethnicity, including race, color, ancestry, national origin, citizenship, primary language, and immigration status;
- d) Religion;

e) Age; and

f) Disability, including disability, protected medical condition, and protected genetic information.

XII.

For five (5) years from the Closing Date of the Affiliation Agreement between Chapters and HEB, Chapters, and HEB shall honor all existing collective bargaining agreements and all employee benefit plans, other similar benefit plan, policy, contract, commitment, understanding, or arrangement, whether written or unwritten, including any superseding, successor, or replacement agreements or arrangements, and any amendments and exhibits thereto, with employees or their labor union, labor organization, or collective bargaining unit. Moreover, Chapters and HEB shall not utilize any threats, promises, or inducement to deprive employees of any existing labor union, labor organization, or collective bargaining unit representation, including any coordinated lockout of such representation. Chapters and HEB shall meet at reasonable times and confer and collectively bargain in good faith with HEB employees and their representatives of the National Union of Healthcare Workers or with any other union established at HEB, under any applicable requirements of the National Labor Relations Act and the California Labor Code. HEB and Chapters shall notify the Attorney General's Office within thirty (30) days of any Unfair Labor Practices Act proceedings that are initiated against HEB and Chapters on behalf of any represented employees of HEB. This Condition applies to the extent it is not otherwise preempted by, nor in conflict with, applicable California or federal law, including the National Labor Relations Act, and is not intended to modify the rights of HEB, its employees, nor any labor union, nor is it intended to confer any rights to third-parties.

XIII.

Within six (6) months from the Closing Dates of the Affiliation Agreements, and for five (5) years after the Closing Dates of the Affiliation Agreements, the entities in Condition I shall create and maintain a "Chapters West Region Advisory Council" (Advisory Council), comprised of representatives of the four hospices affiliating with Chapters, including HEB, HSCC, Willamette Valley Hospice, Inc., an Oregon nonprofit corporation, and the Nathan Adelson Hospice, a Nevada nonprofit corporation. The primary purpose of the Advisory Council will be to provide a forum for Chapters and these four hospices to coordinate and plan on matters of strategic and regional importance for these hospices.

Within six (6) months from the Closing Dates of the Affiliations Agreements, and for five (5) years after the Closing Dates of the Affiliation Agreements, the entities in Condition I shall cause to be created and thereafter maintain a Quality Advisory Committee (QAC) at HEB and at HSCC. The QAC at HEB and at HSCC shall each consist of a minimum of 5-7 interdisciplinary professional staff of HEB and HSCC, who are qualified to evaluate quality of care and life for patients. The QAC at HEB and at HSCC shall provide feedback and recommendations to the respective governing bodies of HEB and HSCC regarding patient care practices in order to help maintain and ensure quality of life and care of patients. An annual written summary of the feedback and recommendations of each QAC, and any implementation of those recommendations at HEB and HSCC shall be included in the annual reports submitted to the Attorney General, pursuant to Condition XVIII. The written summary shall not include any privileged information or protected patient data.

XIV.

For five (5) years from the Closing Date of the Affiliation Agreements, the entities listed in Condition I shall ensure that any patient referral or patient triage systems established for HEB or HSCC are both effective and timely and are designed and implemented to prevent delays in patient care. This condition is not intended to preclude operational flexibility or efficiencies for the entities in Condition I, but is in place to mitigate potential delays in patient care.

XV.

For five (5) years from the Closing Dates of the Affiliation Agreements, the entities listed in Condition I shall submit to the Attorney General, within thirty (30) days of their receipt, copies of any of the following, issued from the California Department of Public Health or CMS to HEB and HSCC:

- a. Statements of Deficiencies;
- b. Approved Plans of Correction;
- c. Survey and Recertification reports;
- d. Correspondence, notices, and petitions regarding civil monetary penalties, fines, or denials of payments for new admissions;
- e. Correspondence, notices, and petitions to suspend or revoke the hospice or hospice facility licenses; and
- f. Correspondence, notices, and petitions to terminate, revoke, or suspend CMS participation agreements.

XVI.

For five (5) years from the Closing Date of the Affiliation Agreements, the entities listed in Condition I shall be certified to participate in the Medi-Cal and Medicare programs and have Medi-Cal and Medicare Provider Numbers (or provider numbers for any successors to Medi-Cal or Medicare) to provide the same types and levels of hospice and palliative care services to Medi-Cal and Medicare beneficiaries as required in these Conditions.

XVII.

For five (5) years from the Closing Date of the Affiliation Agreements, the entities listed in Condition I shall not voluntarily nor unilaterally terminate any contracts, including any superseding, successor, or replacement contracts, and any amendments and exhibits thereto, with local governments or their subdivisions, departments, or agencies for services, except as expressly permitted by those contracts. This Condition is not intended to require the entities listed in Condition I to renegotiate new contracts upon their expiration.

XVIII.

The entities listed in Condition I shall notify the Attorney General of the respective Closing Dates of the Affiliation Agreements of Chapters and HEB and Chapters and HSCC within five (5) days of the closing. For five (5) years from the Closing Dates of the Affiliation Agreements, the entities listed in Condition I shall separately submit to the Attorney General, no later than six (6) months after the conclusion of each year, a report on behalf of HEB, and a report on behalf of HSCC, describing in detail compliance with each Condition applicable to HEB and HSCC, set forth herein. The first report shall be due no later than six (6) months after the applicable Closing

Dates of the Affiliation Agreements of each Party. The Chair(s) of the Board of Directors of HEB, HSCC, and Chapters shall each certify that their report is true, accurate, and complete, and provide documentation of the review and approval of their report by the respective Board of Directors of HEB, HSCC and Chapters.

XIX.

At the request of the Attorney General, the entities listed in Condition I shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General will, at the request of an entity listed in Condition I and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XX.

Once the Affiliation Agreements are closed, the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability of and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition. However, the entities in Condition I, or their successors in interest, may request Attorney General for approval of any amendment of the terms and conditions of any agreement or transaction for which the Attorney General has given consent or conditional consent to, but only if there is a change in circumstances that could not have reasonably been foreseen at the time of the Attorney General's action, and pursuant to the provisions of subdivision (h) of section 999.5 of Chapter 15 of Division I of Title 11 of the California Code of Regulations.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies, including tolling of Conditions, as a court may deem appropriate for breach of any of these Conditions.

Pursuant to Government Code section 12598, the Attorney General shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

EXHIBIT 1

AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (the "Agreement") is made and entered into to be effective as of October 2, 2024, by and among Chapters Health System, Inc., a Florida not for profit corporation ("Chapters") and East Bay Integrated Care, Inc. d/b/a Hospice East Bay, a California nonprofit public benefit corporation ("Hospice East Bay"). Chapters and Hospice East Bay are collectively referred to herein as the "Parties" and each is referred to as a "Party".

RECITALS

A. WHEREAS, Hospice East Bay owns and operates a not for profit hospice licensed to operate in the Counties of Contra Costa, Alameda, and Solano, State of California;

B. WHEREAS, Chapters owns and operates not for profit hospices through its Affiliates in several states throughout the United States;

C. WHEREAS, Chapters and Hospice East Bay have reviewed each other's mission statements and believe that there is fundamental alignment and compatibility in such statements; and

D. WHEREAS, the Parties believe that an affiliation between Chapters and Hospice East Bay (the "Transaction") will allow them to accomplish a number of mutual goals, including the following:

- (a) Preservation of the comprehensive, community-based, not for profit hospice care;
- (b) Promotion of best practices in the provision of hospice, home health and other healthcare services;
- (c) Development and implementation of enhanced quality care systems and oversight;
- (d) Efficient management of key areas of operation;
- (e) Cost effective management of key administrative functions;
- (f) Cost effective and efficient purchasing and distribution of supplies and pharmaceuticals;
- (g) Effective public policy development;
- (h) Increased opportunities for research, analysis and planning for health care innovation;
- (i) Minimize disruption to patients and employees; and

- (j) Enhanced understanding, preparedness and leadership in future health care delivery reform.

NOW, THEREFORE, for and in consideration of the premises, the agreements, covenants, representations and warranties herein set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS; INCORPORATION OF RECITALS

1.1 Definitions.

In addition to the terms defined elsewhere in this Agreement, the terms defined below as used in this Agreement (including the above-referenced recitals) shall have the following meanings:

“Affiliate” means, as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with, the Person in question and any successors or assigns of such Person.

“Agreement” means this Agreement as may be amended or supplemented together with all Exhibits and Schedules attached or delivered with respect hereto or expressly incorporated herein by reference.

“AHLA” shall have the meaning set forth in Section 11.3.

“Approval” means any approval, authorization, consent, notice, qualification or registration, or any extension, modification, amendment or waiver of any of the foregoing, of or from, or any notice, statement, filing or other communication to be filed with or delivered to, any Governmental Authority.

“Arbitration Notice” has the meaning set forth in Section 11.3.

“Benefit Program and Agreement” is defined in Section 4.20(a)(ii).

“Business” means the ownership and operation of the Hospice East Bay Assets, and all assets and operations ancillary to or associated with any of the foregoing, as currently conducted as of the date hereof and as of the Effective Time.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

“Chapters” is defined in the preamble in this Agreement.

“Chapters Historical Financial Information” is defined in Section 5.4(a) of this Agreement.

"Chapters West" refers to a group of not for profit hospices, including Hospice East Bay, operating in the western United States that are independently negotiating to affiliate with Chapters.

"Closing" is defined in Section 3.1.

"Closing Date" is defined in Section 3.1.

"CMS" means the Centers for Medicare and Medicaid Services.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, the Public Health Service Act, codified as 42 USC §§ 300bb-1 through 300bb-8, and any similar state or federal continuation of coverage laws.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations.

"Confidentiality Agreement" is defined in Section 11.2.

"Contract" means any legally binding oral or written commitment, contract, lease (including Tenant Leases and Third Party Leases), sublease, license, sublicense or other agreement of any kind relating to the Business, the Hospice East Bay Assets or the operation thereof to which Hospice East Bay is a party or by which any of the Hospice East Bay Assets is bound.

"EEOC" means the Equal Employment Opportunity Commission.

"Effective Time" is defined in Section 3.1.

"Encumbrance" means any claim, charge, easement, encumbrance, encroachment, security interest, mortgage, lien or pledge, whether imposed by Contract, Law, equity or otherwise.

"Environmental Condition" means any event, circumstance or condition related in any manner whatsoever to: (a) the current or past presence or spill, emission, discharge, disposal, pumping, leakage, migration, abandonment, release or threatened release of any Hazardous Materials, into the environment; (b) the on-site treatment, storage, disposal or other handling of any Hazardous Material originating on or from the Real Property; (c) the placement of structures or materials into waters of the United States; (d) the presence of any Hazardous Materials in any building, structure or workplace or on any portion of the Real Property; or (e) any violation of Environmental Laws at or on any part of the Real Property or arising from the activities of Hospice East Bay or any other Person involving Hazardous Materials.

"Environmental Laws" means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment; (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials; or (c) relating to the use, handling, storage, treatment, and disposal of medical, radiological and biological wastes. The term "**Environmental Law**" includes, without limitation,

the following (including their implementing regulations and any state analogs): CERCLA; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; and the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq., the Hazardous Material Transportation Act, 49 U.S.C. §§ 1801-1813, the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq. and all state and local environmental laws and regulations.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Executive Employees” with respect to any Party shall mean each of the persons then serving as the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, Chief Medical Officer, Chief Human Resources Officer and Chief Compliance Officer, or in a similar capacity by whatever title.

“Exhibits” means the exhibits to this Agreement.

“Facilities” means any healthcare facility, healthcare operations or medical or other clinical practice owned, operated, managed or leased by Hospice East Bay.

“FTC” means the Federal Trade Commission.

“FTC Red Flags Rule” shall mean the regulations set forth in 16 C.F.R. Part 681.

“GAAP” means United States generally accepted accounting principles and practices as in effect from time to time.

“Government Programs” means Medicare, Medicaid, and CHAMPUS/TRICARE.

“Governmental Authority” means any government or any agency, bureau, board, directorate, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

“Governing Documents” means the documents by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs, including, without limitation, articles of incorporation, bylaws, articles of organization, regulations, limited liability company agreements, operating agreements, partnership agreements, certificates of limited partnership, or similar documents, instruments, or agreements relating to the legal existence or governance of the internal affairs of such Person.

“Hazardous Materials” means (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case whether naturally occurring or man-made, that is hazardous, acutely hazardous, toxic, or words of similar import or

regulatory effect under Environmental Laws; (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, per- and polyfluoroalkyl substances, medical waste, mold and polychlorinated biphenyls; and (c) any chemical, material or substance which is prohibited, limited or regulated under any Environmental Law.

“Healthcare Laws” means Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended (the Stark Law), 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 8701-8707; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a; the Exclusion Laws, 42 U.S.C. § 1320a-7; HIPAA; the HITECH Act, all Legal Requirements relating to the provision of, or billing or payment for health care items or services, or relating to health care information; and all implementing regulations, rules, ordinances, judgments and order applicable to any Party, as the context of the Agreement may require; and any similar state and local statutes, regulations, rules, ordinances, judgments and orders applicable to any Party as the context of the Agreement may require; and all federal, state and local licensing, certificate of need, regulatory and reimbursement, corporate practice of medicine and fee splitting regulations, rules, ordinances, orders and judgments applicable to any Party, as the context of the Agreement may require, all of the foregoing as enacted or in effect as of the Closing Date.

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996 (Pub. Law 104-191), as amended from time to time, and the regulations promulgated thereunder.

“HITECH” means the Health Information Technology for Economic Clinical Health Act, Division A, Title XIII § 1301 et seq. of the American Recovery and Reinvestment Act of 2009, as amended from time to time.

“Hospice East Bay” is defined in the preamble to this Agreement.

“Hospice East Bay Assets” means all assets of every description, whether real, personal or mixed, tangible or intangible, owned by Hospice East Bay whether used in the operation of the Business or otherwise.

“Hospice East Bay ERISA Affiliate” is defined in Section 4.20(c).

“Hospice East Bay Historical Financial Information” is defined in Section 4.7(a).

“Hospice East Bay Intellectual Property” means all Intellectual Property to the extent owned, licensed or used by Hospice East Bay.

“Hospice East Bay Taxable Debt” shall refer to outstanding financing debt issued for the benefit of or incurred by Hospice East Bay or for which Hospice East Bay is liable to pay that is not tax-exempt debt as identified on Schedule 4.26.

“Hospice East Bay Taxable Debt Documents” is defined in Section 4.26(a).

“Hospice East Bay Tax-Exempt Bond Documents” defined in Section 4.25(a).

“Hospice East Bay Tax-Exempt Bonds” shall refer to outstanding tax-exempt bonds for the benefit of or incurred by Hospice East Bay or for which Hospice East Bay is liable to pay as identified on Schedule 4.25.

“Immigration Act” means the Immigration Reform and Control Act of 1986, as amended, and the regulations promulgated thereunder.

“Information Privacy or Security Laws” means HIPAA and any other governing Law concerning the privacy or security of Personal Information, including state data breach notification laws, state health information privacy laws, the FTC Act, the FTC Red Flags Rule and state consumer protection laws.

“Intellectual Property” means, to the extent owned, licensed or used by Hospice East Bay in the Business and/or the Hospice East Bay Assets, all intellectual property or rights thereto, including patents, trademarks, trade names, service marks, symbols, copyrights and any applications therefor, mask works, net lists, schematics, technology, know-how, trade secrets, ideas, algorithms, processes, internet domain names, computer software programs and applications (in both source code and object code form), and tangible or intangible proprietary information or material and all choses in action arising from or related to the foregoing; provided, however, the term Intellectual Property does not include any open source software, shrink wrap software, or generally available commercial, licensable products.

“Inventory” means all usable inventory and supplies held or used in the Business.

“Justice Department” means the United States Department of Justice.

“Knowledge” when used in the context of knowledge of Chapters means the actual knowledge of any Executive Employee of Chapters within the scope of his or her responsibility. **“Knowledge”** when used in the context of knowledge of Hospice East Bay means the actual knowledge of any Executive Employee of Hospice East Bay within the scope of his or her responsibility.

“Law” means any constitutional provision, statute, law, rule, regulation, code, ordinance, resolution, Order, ruling, promulgation, published policy or guideline, or treaty directive, adopted or issued by any Governmental Authority.

“Leased Real Property” means all real property leased, subleased or licensed to, or for which a right to use or occupy has been granted to, Hospice East Bay.

“Material Adverse Effect” means any event, occurrence, fact, condition or change that is materially adverse to (a) the business, results of operations, financial condition or assets of Hospice East Bay, taken as a whole, or (b) the ability of Hospice East Bay to consummate the Transaction; provided, however, that it does not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (A) general economic or political conditions; (B) conditions generally affecting the hospice or related industries; (C) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the

price of any security or any market index or any change in prevailing interest rates; (D) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (E) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Chapters; (F) any matter of which Chapters is aware as of the execution of this Agreement; (G) any changes in applicable laws, regulations or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (H) the announcement, pendency or completion of the Transaction, including losses or threatened losses of employees, patients, suppliers, distributors or others having relationships with Hospice East Bay; (I) any natural or man-made disaster or acts of God; (J) any epidemics, pandemics, disease outbreaks, or other public health emergencies; or (K) any failure by Hospice East Bay to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded).

“Material Contracts” is defined in Section 4.16.

“Material Licenses” is defined in Section 4.8.

“Most Recent Financial Statements” is defined in Section 4.7(a)(ii).

“Most Recent Fiscal Month End” is defined in Section 4.7(a)(ii).

“Notice” is defined in Section 12.1.

“OIG” means the United States Department of Health and Human Services Office of Inspector General.

“OFAC” is defined in Section 4.18(g).

“Order” means any judgment, order, writ, injunction, decree, determination, or award of any Governmental Authority.

“Ordinary Course of Business” means an action taken, or omitted to be taken, by any Person in the ordinary course of such Person’s business; provided, that any action taken, or omitted to be taken, that relates to, or arises out of, any pandemic, epidemic, or disease outbreak shall be deemed to be in the Ordinary Course of Business.

“OSHA” means the Occupational Safety and Health Act, 29 U.S.C. § 600, et seq., and the regulations promulgated thereunder.

“Overpayments” means any amount (a) due to a Government Program based on a final adjustment or (b) received from a Government Program in excess of the amount approximately billed.

“Owned Real Property” means all real property owned by Hospice East Bay, together with the interest of Hospice East Bay as landlord in all leases and subleases therein, improvements, buildings or fixtures located thereon or therein, all easements, rights of way, and other appurtenances thereto (including appurtenant rights in and to public streets), all architectural plans

or design specifications relating to the development thereof, and all claims and recorded or unrecorded interests therein, including any and all options to acquire real property.

“Party” and **“Parties”** are defined in the preamble to this Agreement.

“PBGC” is defined in Section 4.20(d)(v).

“Permit” means any license, permit, or certificate, required to be issued or granted by any Governmental Authority.

“Permitted Encumbrances” means (a) zoning and building laws, ordinances, resolutions and regulations, (b) liens for Taxes not due and payable on or before the Effective Time, or being contested in good faith by appropriate proceedings, (c) such other title and survey matters acceptable to Chapters that are shown on any Commitments obtained by Chapters, (d) liens that individually or in the aggregate do not materially detract from the value of, or impair in any material manner the use of the Real Property or other Hospice East Bay Assets and (e) Permitted Liens.

“Permitted Liens” means those liens described on the attached Schedule 1.1 which includes all (a) existing lines of credit disclosed to Chapters; (b) those liens identified in Hospice East Bay Historical Financial Information; and (c) other liens as Hospice East Bay may have incurred or incur in the Ordinary Course of Business and otherwise consistent with Sections 6.2 and 6.3 of this Agreement, if applicable (all of which shall qualify as Permitted Liens).

“Person” means an individual, association, corporation, limited liability company, partnership, limited liability partnership, trust, Governmental Authority or any other entity or organization.

“Personal Information” means any information that can reasonably be used to identify an individual, including “individually identifiable health information” as defined in 45 C.F.R. 160.103, demographic information, and social security numbers.

“Personal Property” means all tangible and intangible personal property owned, leased or used or held for use in connection with the Business, including all equipment, furniture, fixtures, machinery, vehicles, office furnishings, instruments, leasehold improvements, spare parts, and all rights in all warranties of any manufacturer or vendor with respect thereto.

“Plan” is defined in Section 4.20(a)(i).

“Proceeding” means any claim, action, arbitration, audit, hearing, investigation, litigation suit or other similar proceeding by or before a Governmental Authority.

“Program Agreements” is defined in Section 4.10(a).

“Proposed Change Notification” is defined in Section 6.2.

“Real Property” means the Owned Real Property and the Leased Real Property.

“Schedules” means, with respect to a specified Party, the disclosure schedules to this Agreement which have been delivered by such Party as the same may be modified, amended or supplemented in accordance with the applicable provisions of this Agreement.

“Service Area” means the Counties of Contra Costa, Alameda, and Solano, State of California, and any additional Counties within the State of California in which Hospice East Bay may be authorized in the future by the California Department of Public Health or any successor state licensing authority to provide hospice or other healthcare services.

“Shared Services” is defined in Section 2.4(b).

“Stark Law” is defined in Section 4.12(b).

“Support Center Services” is defined in Section 2.4(a).

“Taxes” means (a) any and all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, hospital, provider, unclaimed property, transfer, franchise, profits, license, lease, rent, service, service use, withholding, payroll, employment, excise, severance, privilege, stamp, occupation, premium, property, windfall profits, alternative minimum, estimated, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (b) any liability for payment of amounts described in clause (a) as a result of transferee liability or otherwise through operation of law, and (c) any liability for the payment of amounts described in clauses (a) or (b) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

“Tax Returns” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Tenant Lease” means any lease, sublease, license or other contractual obligation pursuant to which Hospice East Bay, as tenant or subtenant, currently leases, subleases, licenses or otherwise occupies all or some portion of the Leased Real Property.

“Third Party Lease” means any lease, sublease, license or other contractual obligation pursuant to which Hospice East Bay, as landlord or sublandlord, currently leases, subleases, licenses or otherwise grants to a third party a right to use all or some portion of the Real Property.

“Title IV Plan” is defined in Section 4.20(d)(v).

“Transaction” means, collectively, the transactions referenced in the recitals to this Agreement as further described by the provisions of this Agreement, including in Article 2 hereof.

“Transaction Documents” means this Agreement and all documents to be delivered by the Parties in connection with the Closing.

“Transfer Taxes” means any real property, excise, sales, use, documentary, transfer, value added, stock transfer, and stamp Taxes, any transfer, recording, registration, and other fees, and

any similar Taxes imposed on the transactions (or deemed transactions) contemplated by, or related to, this Agreement.

“Treasury Regulations” means the income tax regulations promulgated under the Code.

1.2 Interpretation.

In this Agreement, unless the context otherwise requires:

- (a) references to this Agreement are references to this Agreement and the Schedules and Exhibits; each Schedule and Exhibit is hereby incorporated by reference into this Agreement and will be considered a part hereof as if fully set forth herein;
- (b) references to sections are references to sections of this Agreement;
- (c) references to any Party to this Agreement shall include references to its respective successors and permitted assigns;
- (d) the terms “hereof,” “herein,” “hereby,” and derivative or similar words will refer to this entire Agreement;
- (e) references to any document (including this Agreement) are references to that document as amended, consolidated or supplemented by the Parties from time to time;
- (f) unless the context requires otherwise, references to any Law are references to that Law as of the Closing Date, and shall also refer to all rules and regulations promulgated thereunder;
- (g) the word “including” shall be interpreted to mean including without limitation;
- (h) references to time are references to Eastern Standard or Daylight time (as in effect on the applicable day) unless otherwise specified herein;
- (i) the gender of all words herein includes the masculine, feminine and neuter, and the number of all words herein includes the singular and plural;
- (j) the terms “date hereof,” “date of this Agreement” and similar terms shall mean the date first written above; and
- (k) the phrases “Parties have delivered,” “Parties have provided,” “Parties have made available” and phrases of similar import shall mean that, prior to the date hereof, the applicable Parties have either (i) delivered to the other Parties a hard or electronic copy of the document or information in question or (ii) made such document or information available to the other Parties via an electronic data room.

1.3 Recitals.

The matters set forth in the Recitals are hereby incorporated into and made a part of this Agreement.

ARTICLE 2 **TRANSACTION STRUCTURE AND FUNDING COMMITMENTS**

2.1 Transfer of Control.

The Parties agree that the Transaction will be facilitated by the Hospice East Bay board of directors taking all such actions as may be necessary or appropriate to restructure Hospice East Bay as of the Effective Time to be a California nonprofit public benefit corporation with Chapters as Hospice East Bay's sole member (as defined in Cal. Corp. Code § 5056). As described in more detail in Section 2.2 and Section 2.3 below, the structure of the Transaction and the resulting allocation of corporate governance authority relating to Hospice East Bay will be facilitated through the Hospice East Bay board of directors' approval of membership rights with Chapters holding reserved powers (described below) with respect to Hospice East Bay as will be set forth in amended and restated Articles of Incorporation and Bylaws of Hospice East Bay.

2.2 Amendment of Articles of Incorporation and Bylaws.

Hospice East Bay agrees to take such actions, as necessary, to amend its Bylaws and Articles of Incorporation effective as of the Effective Time to reflect Chapters as the sole member of Hospice East Bay and grant to Chapters certain reserved powers as will be reflected in amended and restated Articles of Incorporation and Bylaws. As of the Effective Time the Articles of Incorporation and Bylaws of Hospice East Bay shall be amended and restated to be consistent with the forms of such documents set forth and attached as Exhibit 2.2A and Exhibit 2.2B, respectively.

2.3 Governance Structure and Board Composition.

2.3.1 Chapters Board of Directors.

As part of its process for nominating individuals to serve on its board of directors, Chapters will periodically communicate with representatives of Hospice East Bay and the other hospices that become part of Chapters West to identify candidates for the Chapters board of directors whose qualifications are consistent with Chapters' strategic plans. A key focus in nominating individuals to serve on the Chapters board will be the skills and abilities required to govern Chapters on a health system-wide, business enterprise level. Provided that the Transaction has been completed by April 1, 2025, Hospice East Bay will coordinate with the other Chapters West hospices whose affiliation transactions have closed by such date to collectively nominate one individual to serve on the Chapters board. The nomination will be submitted to Chapters as part of its April 2025 board nomination process and, provided that the nominee satisfies Chapters' criteria for board membership, Chapters management will work with the Chapters board to seek such nominee's approval to serve.

2.3.2 Hospice East Bay Board of Directors.

The initial post-Closing boards of directors of Hospice East Bay will consist of those individual serving on such Board immediately prior to the Closing and the following ex-officio voting members: (a) Chapters' President/Chief Executive Officer, Chief Administrative Officer, and Chief Financial Officer, respectively, and (b) non-voting, ex-officio individuals who shall include the following officers of Chapters: Chief Operating Officer, Chief Business Development Officer, Chief Medical Officer, Chief People Officer, Chief Information Officer, Chief Compliance Officer, and Vice President-Foundation. The Hospice East Bay board of directors will serve in accordance with the Bylaws of Hospice East Bay attached as Exhibit 2.2B and shall continue to exercise authority to oversee and direct the corporate activities and affairs of Hospice East Bay, subject to the reserved powers of Chapters.

2.4 Operational Enhancements.

After the Closing, Chapters' support center services and shared services will be made available for the benefit of Hospice East Bay, in accordance with the following:

- (a) Support Center Services. As soon as reasonably practicable after the Closing, Chapters will provide the services available through the Chapters support center office, both as currently offered and as may be offered in the future, for the benefit of Hospice East Bay. Costs associated with the provision of such services will be allocated through a corporate services allocation methodology that is consistent with the comparable methodology utilized from time to time throughout the health system governed by Chapters as will be set forth in a management agreement to be entered into between Chapters and Hospice East Bay, the form of which is attached hereto as Exhibit 2.4(a). The functions and/or departmental services provided through the Chapters support center office at the time of Closing will primarily consist of the following: financial and accounting; information and telecommunications; regulatory and corporate compliance; human resources; marketing, communications and public affairs; legal; facilities management; development and fundraising; chief medical officer support; and executive management and consulting ("Support Center Services").
- (b) Shared Services. After the Effective Time, Hospice East Bay will participate in Chapters' shared services ("Shared Services") programs consistent with the manner in which other of Chapters' affiliated hospices participate in such programs. Costs associated with participation in such Shared Services programs will be reimbursed to Chapters in the same manner as such reimbursements are paid by other Chapters affiliated hospices.

2.5 Preservation of Hospice East Bay's Legacy.

Chapters recognizes the significant contributions that Hospice East Bay has made to its local community and intends to work together with Hospice East Bay following the Effective Time to ensure that Hospice East Bay's legacy within its Service Area is preserved, including without limitation, by continuing to use "Hospice East Bay" as the primary brand for hospice services in

the Service Area; provided, however, that Hospice East Bay may also be publicly referred to after the Effective Time as an Affiliate of Chapters.

2.6 Proposed Chapters West Region.

- (a) The Parties acknowledge that Chapters is independently negotiating with each of the hospices proposed to form the Chapters West region by Chapters becoming the sole member of each such hospice. Subject to completing such affiliation transactions, Chapters anticipates that the Chapters West hospices, including Hospice East Bay, will be functionally structured as a region within Chapters with concomitant regional functions and services, as appropriate, and related regional job titles. The design of Chapters West will be determined by Chapters with substantial input from and collaboration with leadership of the Chapters West hospices, including Hospice East Bay.
- (b) In connection with the Parties' due diligence, Chapters will prior to the date of this Agreement provide Hospice East Bay with information on Chapters' plans to affiliate with other hospice organizations as part of the formation of Chapters West.

ARTICLE 3 **CLOSING**

3.1 Closing.

Subject to the satisfaction or waiver by the appropriate Party of all the conditions precedent to the Closing specified in ARTICLE 8 and ARTICLE 9 hereof, the consummation of the Transaction (the "Closing") shall occur and be effective at such date and time as the Parties hereto may mutually designate in writing (the "Closing Date" and the "Effective Time," respectively). The Parties will endeavor to have the Closing Date occur at the end of a month for ease of transition and the Effective Time at 12:01 a.m. prevailing Pacific Time.

3.2 Actions of Hospice East Bay at the Closing.

At or before the Closing, unless otherwise waived in writing by Chapters, Hospice East Bay shall deliver or cause to be delivered to Chapters (or such other Party as may be indicated below) the following, duly executed by Hospice East Bay, or take the other actions noted, as applicable:

- (a) Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of Hospice East Bay consistent with the forms attached as Exhibit 2.2A and Exhibit 2.2B;
- (b) Copies of resolutions duly adopted by the board of directors of Hospice East Bay authorizing and approving Hospice East Bay's performance of the Transaction and the execution and delivery of this Agreement and the documents described herein, as applicable, certified as true and in full force and effect as of the Closing Date, by the appropriate officers of Hospice East Bay;

- (c) A certificate signed by an authorized officer of Hospice East Bay, certifying that the conditions set forth in Section 8.1 and Section 8.2 have been satisfied;
- (d) A certificate of incumbency for the respective officers of Hospice East Bay executing this Agreement or any other document contemplated herein dated as of the Closing Date;
- (e) A certificate of status for Hospice East Bay evidencing the active status of Hospice East Bay and certified by the California Department of State as of the most recent practicable date prior to the Closing Date;
- (f) Consents and waivers from third parties in form and substance reasonably satisfactory to Chapters from those parties from whom, in the reasonable opinion of Chapters such consents and waivers are required in order to give effect to the Transaction and to assure that all Hospice East Bay Assets and Contract rights remain with Hospice East Bay after the Closing;
- (g) The non-blocked person affidavits of Hospice East Bay as described in Section 4.18(g);
- (h) A roster of those individuals elected by Hospice East Bay to serve on the initial, post-Closing Hospice East Bay boards of directors, together with certified resolutions of the pre-Closing Hospice East Bay board of directors, approving such individuals to so serve, effective as of the Effective Date; and
- (i) Such other instruments and documents as Chapters deems reasonably necessary to complete the Transaction including evidence that all required approvals necessary for Hospice East Bay to be a party to this Agreement as of the Closing and participate in the Transaction have been obtained; provided, that such other instruments or documents shall be consistent with the Parties' existing agreements and covenants hereunder and shall not materially alter such agreements and covenants.

3.3 Actions of Chapters at the Closing.

At or before the Closing and unless otherwise waived in writing by Hospice East Bay, Chapters, as noted below, shall deliver or cause to be delivered to Hospice East Bay the following, duly executed by Chapters, or take the other actions noted, as applicable:

- (a) Copies of resolutions duly adopted by the board of directors of Chapters authorizing and approving Chapters' performance of the Transaction and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force and effect as of the Closing Date by appropriate officers of Chapters;
- (b) A certificate signed by an authorized officer of Chapters certifying that the conditions set forth in Section 9.1 and Section 9.2 have been satisfied;

- (c) A certificate of incumbency for the officers of Chapters executing this Agreement or any other document contemplated herein dated as the Closing Date;
- (d) A certificate of active status of Chapters certified by the Florida Department of State dated the most practicable date prior to the Closing Date;
- (e) A roster of those Chapters representatives and other individuals designated by Chapters who will serve on the board of directors of Hospice East Bay, effective as of the Effective Date; and
- (f) Such other instruments and documents as Hospice East Bay deems reasonably necessary to complete the Transaction including evidence that all required approvals necessary for Chapters to be a party to this Agreement as of the Closing and participate in the Transaction have been obtained; provided, that such other instruments or documents shall be consistent with the Parties' existing agreements and covenants hereunder and shall not materially alter such agreements and covenants.

3.4 Additional Acts.

From time to time after the Closing, each Party shall execute and deliver such other instruments, and take such other actions as the other Party may reasonably request, to evidence the Transaction.

ARTICLE 4 **REPRESENTATIONS AND WARRANTIES OF** **HOSPICE EAST BAY**

As of the date hereof (except with respect to any information or disclosures that may or should be included on the Schedules, all of which are incomplete as of the date hereof) and as of the Closing Date (except to the extent any of the following refers to a specific date and subject to Section 12.13 of this Agreement), Hospice East Bay represents and warrants to Chapters as follows:

4.1 Organization; Capacity.

Hospice East Bay is a corporation duly organized, validly existing and with an active status under the laws of the State of California. Hospice East Bay has no members as described in Cal. Corp. Code §5056(a). All powers and activities of Hospice East Bay are governed and exercised under the authority of the Hospice East Bay board of directors. Hospice East Bay is qualified to do business under all applicable Laws of any Governmental Authority having jurisdiction over the Business and to own its properties and conduct its business in the place and manner now conducted. Hospice East Bay has the requisite power and authority to enter into this Agreement and the other Transaction Documents to which Hospice East Bay is (or at the Closing, will become) a party and to perform its obligations hereunder and thereunder. The execution and delivery by Hospice East Bay of this Agreement and documents described herein to which it is (or at the Closing, will become) a party, the performance by Hospice East Bay of its obligations hereunder and thereunder and the consummation by Hospice East Bay of the Transaction have been, or will

be prior to the Closing, duly and validly authorized and approved by all necessary corporate actions on the part of Hospice East Bay.

4.2 Authority; Noncontravention.

There are no outstanding powers of attorney executed by or on behalf of Hospice East Bay. The execution, delivery and performance of the Agreement and each other Transaction Document by Hospice East Bay thereto and the consummation by Hospice East Bay of the Transaction, as applicable:

- (a) are within the power of Hospice East Bay and are not in contravention or violation of the terms of the articles of incorporation or bylaws of Hospice East Bay and have been, or will be prior to the Closing, approved by all requisite corporate action;
- (b) except as set forth on Schedule 4.2(b), do not require that Hospice East Bay seek or obtain any Approval of, filing or registration with, the issuance of any Permit by, or give any notice to any Governmental Authority;
- (c) assuming the Approvals and Permits set forth on Schedule 4.2(b) are obtained, to the Knowledge of Hospice East Bay, will not conflict in any material respect with, or result in any violation of or default under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration or augmentation of any obligation or to loss of a material benefit under, or result in the creation of any material Encumbrance (other than Permitted Encumbrances) upon any of the Hospice East Bay Assets under (i) any Contract, instrument, indenture, covenant, or understanding to which Hospice East Bay is a party, or (ii) any Order or Law applicable to any of the Hospice East Bay Assets or to which Hospice East Bay is subject; and
- (d) will neither conflict with, nor result in, a material breach or contravention of any agreement, lease, instrument, indenture, covenant, or understanding to which Hospice East Bay is bound or is a party.

4.3 Subsidiaries; Minority Interests.

Except as set forth on Schedule 4.3, Hospice East Bay does not directly or indirectly own any equity, membership or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity, membership or similar interest in, any corporation, partnership, limited liability company, joint venture or other business association or entity other than publicly traded equities or other equity interests held solely for investment. Except as set forth in Schedule 4.3, each interest set forth on Schedule 4.3 is owned by Hospice East Bay free and clear of all Encumbrances except Permitted Encumbrances, is duly authorized, validly existing and non-assessable, and is not subject to any preemptive or subscription rights.

4.4 No Outstanding Rights.

There are no outstanding rights (including any right of first refusal), options, or Contracts giving any Person any current or future right to Hospice East Bay to sell or transfer to such Person or to any third party any interest in Hospice East Bay or any of the Hospice East Bay Assets.

4.5 Title to Assets.

- (a) Schedule 4.5(a) sets forth a materially complete and correct list of the Real Property owned, leased, licensed or operated by Hospice East Bay.
- (b) Hospice East Bay has good and marketable title to, or a valid leasehold interest in, all properties and assets, whether real, personal or mixed, or whether tangible or intangible, used by it, located on its premises, or shown on the Most Recent Balance Sheet, except for properties and assets disposed of in the Ordinary Course of Business for fair market value in arms' length transactions after the date of the Most Recent Balance Sheet.
- (c) The Hospice East Bay Assets (as well as assets leased or licensed by Hospice East Bay) consist of all of the material assets that are necessary to conduct the Business as it is currently conducted.

4.6 Binding Agreement.

This Agreement has been, and each Transaction Document to which Hospice East Bay is (or at the Closing, will become) a party has been, or upon execution thereof will be, duly executed and delivered by Hospice East Bay, and (assuming due authorization, execution, and delivery by Chapters and all other parties thereto) this Agreement and each Transaction Document to which Hospice East Bay is a party constitute legal, valid, and binding obligations of Hospice East Bay enforceable against Hospice East Bay in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

4.7 Financial Information.

- (a) Schedule 4.7(a) hereto contains the following financial statements and financial information of Hospice East Bay (collectively, the "Hospice East Bay Historical Financial Information"):
 - (i) the audited consolidated balance sheets, statements of operation, statements of changes in net assets, and statements of cash flow (including the accompanying combining schedules of balance sheet information and statement of operation information) for Hospice East Bay as of and for the 12-month periods ended December 31, 2022 and December 31, 2023; and
 - (ii) the most recent unaudited consolidated balance sheet (including the accompanying consolidating schedules of balance sheet information) and

unaudited consolidating statement of operations (including the accompanying combining schedules of statement of operation information) (the “Most Recent Financial Statements”) prepared in the Ordinary Course of Business for the fiscal period ending on a date which is not more than sixty (60) calendar days prior to the date of this Agreement (the “Most Recent Fiscal Month End”).

For purposes of this Agreement, as of the Closing Date, the term “Hospice East Bay Historical Financial Information” shall include in addition to the above, all financial statements comparable to those referenced in Sections 4.7(a)(i)-(ii) that have been prepared by or on behalf of Hospice East Bay during the period from the Most Recent Fiscal Month End through the Closing Date.

- (b) The Hospice East Bay Historical Financial Information has been prepared in accordance with GAAP throughout the periods covered thereby, applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and present fairly the financial condition of Hospice East Bay as of such dates and the results of operations of Hospice East Bay for such periods (subject, in the case of unaudited financial statements, to normal year-end adjustments, the absence of footnotes or complete footnotes, and to any other adjustments described therein, including any notes thereto, or with respect to pro-forma financial information, subject to the qualifications stated therein).
- (c) Except as otherwise referenced on Schedule 4.7(c), Hospice East Bay has not materially changed any accounting policy or methodology during the periods presented in the Hospice East Bay Historical Financial Information (including accounting policies and methodologies for determining the obsolescence of inventory or in calculating reserves, including reserves for uncollected accounts receivable).
- (d) Hospice East Bay has no Knowledge of any material liabilities or obligations of any nature (whether accrued, absolute, fixed, contingent, liquidated, unliquidated, recorded, unrecorded, or otherwise) that would be required by GAAP to be reflected or reserved against on a consolidated balance sheet (or notes thereto) of Hospice East Bay except for (i) liabilities or obligations with respect to or arising from the Transaction contemplated by this Agreement, (ii) liabilities or obligations that have arisen after the Most Recent Fiscal Month End in the Ordinary Course of Business, or (iii) that would not reasonably be expected to have a Material Adverse Effect.
- (e) Hospice East Bay has no liability (and, to Hospice East Bay’s Knowledge, there is no basis for any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or deemed against any of them giving rise to any liability) with respect to any reimbursements from the Medicare program, the Medicaid program or any other third-party payment claimed or received by Hospice East Bay in excess of the amount permitted by Law, except as and to the extent that such liability for such

Overpayments has already been satisfied or for which adequate provision has been made in the Hospice East Bay Historical Financial Information.

4.8 Material Licenses.

- (a) Schedule 4.8 contains a materially accurate and complete list of all Permits and Approvals owned or held by Hospice East Bay as of the date of this Agreement (the "Material Licenses"). Hospice East Bay has made available to Chapters materially accurate and complete copies of all Material Licenses listed on Schedule 4.8.
- (b) As of the date of this Agreement, the Material Licenses constitute all of the Permits and Approvals that are necessary for Hospice East Bay to own, lease, or operate their properties and assets and to carry on the Business as currently conducted.
- (c) Hospice East Bay is in compliance in all material respects with the terms of such Material Licenses.
- (d) There are no provisions in, or agreements relating to, any Material Licenses that preclude or limit Hospice East Bay from operating the Hospice East Bay Assets and carrying on the Business as currently conducted.
- (e) There is no pending, or to the Knowledge of Hospice East Bay, threatened, Proceeding by or before any Governmental Authority to revoke, cancel, rescind, suspend, restrict, modify, or refuse to renew any such Material Licenses.
- (f) As of the date of this Agreement, Hospice East Bay has not received any written notice or communication from any Governmental Authority, alleging any violation of any Material Licenses other than any surveys or deficiency reports for which Hospice East Bay has submitted a plan of correction that has been accepted or approved by the applicable Governmental Authority. Hospice East Bay has made available to Chapters materially accurate and complete copies of all survey reports, deficiency notices, plans of correction, and related correspondence received by Hospice East Bay in connection with the Material Licenses.

4.9 Accreditation.

Hospice East Bay is accredited by the agencies or organizations listed on Schedule 4.9 hereto.

4.10 Government Program Participation; Reimbursement.

Except as set forth on Schedule 4.10, for the prior three (3) years:

- (a) The Facilities are certified or otherwise qualified for participation in the Government Programs and have current and valid provider agreements with such Programs (the "Program Agreements"). Hospice East Bay has delivered materially accurate and complete copies of all such Program Agreements to Chapters. The Facilities are in compliance in all material respects with the conditions of

participation in the Government Programs and with the terms, conditions, and provisions of the Program Agreements. The Program Agreements are each in full force and effect, and to the Knowledge of Hospice East Bay no events or facts exist that would cause any Program Agreement to be suspended, terminated, restricted, withdrawn, or subjected to an admissions hold or to not remain in force or effect after the Closing.

- (b) Hospice East Bay has received all approvals or qualifications necessary for reimbursement of the Facilities by the Government Programs. All billing practices of Hospice East Bay, including, but not limited to, those pertaining to Government Programs and private insurance companies, have been conducted in compliance with all applicable Laws and the billing guidelines of such third-party payors.
- (c) Hospice East Bay has not received notice of any Proceeding, survey, or other action pending, and to Hospice East Bay's Knowledge, no such Proceeding, survey, or other action is threatened, involving any of the Government Programs or any other third-party payor programs, including the Facilities' participation in and the reimbursement received by Hospice East Bay from the Government Programs or any such program.
- (d) No third-party payor has terminated any contract or arrangement with Hospice East Bay or modified or altered any such contract or arrangement in a manner materially adverse to Hospice East Bay. The consummation of the Transaction contemplated by this Agreement will not result in the termination or material modification or alteration of any contract or arrangement with any third-party payor.
- (e) Schedule 4.10(e) contains a list of all National Provider Identifiers and all provider numbers of Hospice East Bay under the Government Programs, all of which are in full force and effect.

4.11 Third-Party Payor Cost Reports.

Hospice East Bay has timely filed all required cost reports and all such cost reports accurately reflect the information required to be included therein.

4.12 Regulatory Compliance.

Except as set forth on Schedule 4.12, for the prior three (3) years:

- (a) Hospice East Bay has not been convicted of, or, to the Knowledge of Hospice East Bay, charged with, investigated for or engaged in any conduct that would reasonably be expected to constitute, a violation of Law related to the Medicare or other Federal Health Care Program (as defined in 42 U.S.C. § 1320a-7(b)(f)) or any Law related to fraud, theft, embezzlement, breach of fiduciary duty, kickbacks, bribes, other financial misconduct, obstruction of an investigation or controlled substances. To the Knowledge of Hospice East Bay, none of the officers, directors or employees of Hospice East Bay has been convicted of, charged with,

investigated for or engaged in conduct that would reasonably be expected to constitute a violation of any such Laws.

- (b) To the Knowledge of the Hospice East Bay, Hospice East Bay has complied in all material respects with all applicable Healthcare Laws, including, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended (the "Stark Law"), 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 8701-8707; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a; the Exclusion Laws, 42 U.S.C. § 1320a-7; HIPAA; the HITECH Act, the Controlled Substances Act, 21 U.S.C. §801 et seq.; Information Privacy or Security Laws; and any corresponding state statutes and applicable implementing regulations that address the subject matter of the foregoing.
- (c) Hospice East Bay has not received any written notice or other communication from a Governmental Authority or commercial payor that alleges that Hospice East Bay is not in compliance with any Law, other than statements of deficiencies from a Governmental Authority received in the Ordinary Course of Business.
- (d) To the Knowledge of Hospice East Bay, all of the contracts entered into by Hospice East Bay with physicians, other health care providers, or immediate family members of any physicians or other health care providers or entities in which physicians, other health care providers, or immediate family members of any physicians or other health care providers are equity owners involving services, supplies, payments, or any other type of remuneration, and all of the leases of personal or real property of Hospice East Bay with such physicians, health care providers, immediate family members or entities are in material compliance with all applicable Laws, and when required by such applicable Laws, are in writing, are signed by the appropriate parties, set forth the services to be provided, and provide for fair market value compensation in exchange for such services, space, or goods.
- (e) To the Knowledge of Hospice East Bay, except in compliance with applicable Law, neither Hospice East Bay nor any of its officers, directors or employees is a party to any contract, lease agreement or other arrangement (including any joint venture or consulting agreement) related to Hospice East Bay, or the Hospice East Bay Assets with any physician, physical or occupational therapist, health care facility, hospital, nursing facility, home health agency or other person or entity that is in a position to make or influence referrals to or otherwise generate business for Hospice East Bay.
- (f) To the Knowledge of Hospice East Bay, neither Hospice East Bay nor any of its officers, directors, or managing employees, have engaged in any activities that are prohibited under 42 U.S.C. §§ 1320a-7 et seq., or the regulations promulgated

thereunder, or under any other federal or state statutes or regulations, or which are prohibited by applicable rules of professional conduct.

- (g) Hospice East Bay has conducted its operations in all material respects in accordance with its compliance programs, and Hospice East Bay: (i) has no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (ii) to the Knowledge of Hospice East Bay, has not been the subject of any Government Program investigation conducted by any federal or state enforcement agency (not including routine or random surveys, audits or reviews which do not or reasonably should not be expected to result in findings materially adverse to Hospice East Bay); (iii) has not been a defendant in any qui tam/False Claims Act litigation (other than by reason of a sealed complaint of which Hospice East Bay has no Knowledge); (iv) has not been served with or received any search warrant, subpoena, or civil investigation demand by or from any federal or state enforcement agency (except in connection with medical services provided to third parties who may be defendants or the subject of investigations into conduct unrelated to the Business); and (v) Hospice East Bay is not a party to a corporate integrity agreement with the OIG.

4.13 Information Privacy and Security Compliance.

- (a) To the Knowledge of Hospice East Bay, Hospice East Bay's operations fully comply with HIPAA and the changes thereto imposed by HITECH and is in compliance with all other applicable Information Privacy or Security Laws.
- (b) Hospice East Bay has provided to Chapters materially accurate and complete copies of the compliance policies and/or procedures and privacy notices of Hospice East Bay relating to Information Privacy or Security Laws. To the extent required by Information Privacy or Security Laws, Hospice East Bay provides training to its workforce (as such term is defined in 45 C.F.R. § 160.103) with respect to compliance with Information Privacy or Security Laws.

4.14 Medical Staff Matters.

Hospice East Bay has made available to Chapters materially correct and complete copies of any bylaws and rules and regulations of the medical staff of the Facilities, as well as a materially correct and complete list of all current members of the Facilities' medical staffs. There are no (i) pending or threatened adverse actions with respect to any medical staff member of the Facilities or any applicant thereto, including any adverse actions for which a medical staff member or applicant has requested a judicial review hearing that has not been scheduled or that has been scheduled but has not been completed, (ii) pending or threatened disputes with applicants, staff members or health professional affiliates, and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired, or (iii) medical staff members of the Facilities that have resigned or had their privileges revoked or suspended since the Most Recent Fiscal Month End.

4.15 Intellectual Property.

Except as set forth on Schedule 4.15, for the prior three (3) years:

- (a) Hospice East Bay owns, is licensed or otherwise has the right to use, all Intellectual Property necessary for or material to the conduct of the Business as currently conducted.
- (b) To the Knowledge of Hospice East Bay, Hospice East Bay has not infringed upon or otherwise violated, or is infringing upon or otherwise violating, the Intellectual Property rights of any Person.
- (c) To the Knowledge of Hospice East Bay, no Person or any products or services of any Person is infringing upon or otherwise violating any Intellectual Property rights of East Bay.
- (d) To the Knowledge of Hospice East Bay, there are no royalties, fees or other payments due with respect to any third-party Intellectual Property distributed or used in connection with products or services provided by Hospice East Bay to any Person.
- (e) Hospice East Bay is not, nor will be as a result of the execution and delivery of this Agreement or any of the documents described herein to which Hospice East Bay is (or at the Closing, will become) a party, in material breach of any Contract relating to the Intellectual Property or the Intellectual Property rights of any third party related to any of the Hospice East Bay Assets.
- (f) Hospice East Bay does not own any patents, registered trademarks, registered service marks or registered copyrights related to any of the Hospice East Bay Assets.
- (g) Hospice East Bay has not received written notice of any Proceeding involving a possible infringement or other violation by Hospice East Bay of any Intellectual Property rights by of any Person, and Hospice East Bay has not brought any Proceeding against any Person for infringement of Intellectual Property or breach of any license or Contract involving Intellectual Property.

4.16 Contracts.

- (a) Schedule 4.16 includes a materially complete and accurate description of all Contracts that (i) are entered into by Hospice East Bay with a physician or any other party which to Hospice East Bay's Knowledge is owned in whole or in part by a physician, (ii) contain any restrictive covenant, change of control or other Contract provision that would trigger any modification or termination of the Contract or that require the consent from or notice, to any third party to the Contract as a result of the Transaction, and/or (iii) involve a total financial commitment of more than \$200,000 annually and which cannot be terminated without cause upon less than ninety (90) calendar days' notice, (the Contracts described in Section 4.16(a)(i)-(iii) above are collectively referred to herein as the "Material Contracts"). Schedule

4.16 identifies with respect to each such Material Contract appearing thereon the applicable criteria noted in Section 4.16(a)(i)-(iii) above that requires listing on Schedule 4.16, the date and title of the Material Contract and the parties thereto. Hospice East Bay has delivered or otherwise made available to Chapters materially correct and complete copies of all Material Contracts.

- (b) Each Material Contract is in full force and effect and is a legal, valid and binding agreement of Hospice East Bay and, to the Knowledge of Hospice East Bay, of each other party thereto, enforceable against Hospice East Bay, and, to the Knowledge of Hospice East Bay, against the other party or parties thereto, in each case, in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally or by general principles of equity, and Hospice East Bay, is not (with or without notice or lapse of time or both) in breach or default thereunder and, to the Knowledge of Hospice East Bay, no other party to any of the Material Contracts is (with or without notice or lapse of time or both) in breach or default thereunder in any material respect.
- (c) Hospice East Bay has not given or received any written notice with respect to any actual, alleged or potential violation, breach or default under or any demand for renegotiation or termination with respect to any Material Contract.
- (d) No Material Contract contains any (i) non-competition restriction, (ii) take-or-pay arrangement, (iii) change of control or similar provision, or (iv) any term that requires the Business to deal exclusively with a particular party with respect to particular goods or services.
- (e) Each Material Contract was entered into in the Ordinary Course of Business and without the commission of any act, or any consideration having been paid or promised, which is or would reasonably be expected to result in a violation of any Law.

4.17 Personal Property.

To the Knowledge of Hospice East Bay, no Person other than Hospice East Bay owns any tangible personal property situated on the Real Property, except for the following all of which is excluded from the Transaction: (a) items leased by Hospice East Bay pursuant to a lease agreement; (b) furniture and equipment owned or leased by third parties leasing space in the Real Property pursuant to a lease agreement; (c) personal property of employees, patients or visitors of Hospice East Bay; and (d) property owned by third parties but in the possession of Hospice East Bay and held on a consignment basis for sale or other disposition.

4.18 Real Property.

- (a) Schedule 4.18(a) sets forth a materially correct and complete list of the addresses of each parcel of Owned Real Property and all such Owned Real Property is owned by Hospice East Bay free and clear of all Encumbrances, except for Permitted Encumbrances.

- (b) Schedule 4.18(b) sets forth a materially correct and complete list of the addresses of all the Leased Real Property and identifies each Tenant Lease under which such Leased Real Property is occupied or used by Hospice East Bay, including the date of, and name of each of the parties to, such Tenant Lease. Hospice East Bay holds good and marketable leasehold title to each parcel of the Leased Real Property.
- (c) Schedule 4.18(c) sets forth a materially correct and complete list of all existing Third Party Leases, including the following information with respect to each: (i) the premises covered; (ii) the date; (iii) the name of the record tenant, licensee or occupant; (iv) the commencement date and; (v) either the expiration date or its status as a month to month tenancy.
- (d) Hospice East Bay has made available to Chapters materially accurate and complete copies of the Tenant Leases and Third Party Leases, in each case as amended or otherwise modified and in effect, together with any extension notices, as applicable.
- (e) Hospice East Bay has not received written notice from any Governmental Authority of (and otherwise has no Knowledge of): (i) any pending or threatened condemnation Proceedings affecting the Owned Real Property, or any part thereof; or (ii) any material violations of any Laws (including zoning and land use ordinances) with respect to the Real Property, or any part thereof, which have not heretofore been cured.
- (f) Except as set forth on Schedule 4.18(f), as of the Closing there will be no incomplete construction projects affecting the Real Property.
- (g) Hospice East Bay is not, nor will become, a Person or entity with whom U.S. persons are restricted from doing business under regulations of the Office of Foreign Asset Control (“OFAC”) of the United States Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive Order (including Executive Order November 13224 on Terrorism Financing, effective September 24, 2001), or the United and Strengthening America by Providing Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56, or any other governmental action. At the Closing, Hospice East Bay shall execute and deliver to Chapters an affidavit certifying that it is not a “blocked person” under Executive Order 13224, the form of which shall be acceptable to Chapters.
- (h) To the Knowledge of Hospice East Bay, all improvements, including all utilities which are a part of the Real Property, have been substantially completed and installed in accordance with the plans and specifications approved by the Governmental Authorities having jurisdiction, to the extent applicable, or to Hospice East Bay’s Knowledge will be completed and installed in accordance with the plans and specifications approved by the Governmental Authorities.
- (i) Except as set forth on Schedule 4.18(i), Hospice East Bay has not received written notice from any Governmental Authority that the improvements which are a part of

the Real Property, as designed and constructed, do not comply with all Laws applicable thereto, including but not limited to the Americans with Disabilities Act, as amended, and Section 504 of the Rehabilitation Act of 1973.

- (j) To the Knowledge of Hospice East Bay, the existing water, sewer, gas and electricity lines, storm sewer and other utility systems on the Real Property are, as of the date hereof, adequate to serve the utility needs of the Real Property. To the Knowledge of Hospice East Bay, all approvals, licenses and permits required for said utilities have been obtained and are in force and effect. All of said utilities are installed and operating, and all installation and connection charges have been paid in full.
- (k) Hospice East Bay has not received written notice from any Governmental Authority that the location, construction, occupancy, operation and use of the Real Property (including the improvements which are a part of the Real Property) violates any applicable Law or determination of any Governmental Authority or any board of fire underwriters (or other body exercising similar functions), judicial precedent or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Real Property or the location, construction, occupancy, operation or use thereof, including, all applicable Laws.

4.19 Insurance.

Schedule 4.19 sets forth a materially correct and complete list and description of all insurance policies or self-insurance funds maintained by Hospice East Bay as of the date of this Agreement covering the Business and the Hospice East Bay Assets, including the following:

- (a) The name of the insurer, the name of the policyholder and the name of each covered insured;
- (b) The policy number and the period of coverage;
- (c) The scope (including an indication of whether the coverage was on a claims made, occurrence or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and
- (d) A description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) the policy is legal, valid, binding, enforceable and in full force and effect; (B) neither Hospice East Bay, nor any other party to the policy is in breach or default (including with respect to payment or time that would constitute such a breach or default, or permit termination, modification or acceleration, under the policy); and (C) no party to the policy has repudiated any provision thereof. Hospice East Bay has been covered during the past five (5) years by insurance in scope and amount customary and reasonable for the Business. Schedule 4.19 also describes any self-insurance arrangements affecting Hospice East Bay.

4.20 Employee Benefit Plans.

- (a) Hospice East Bay has provided or made available to Chapters copies of each of the following that is sponsored, maintained or contributed to by Hospice East Bay, or any Hospice East Bay ERISA Affiliate, as defined below, for the benefit of the employees of Hospice East Bay:
 - (i) Each "employee benefit plan" for the benefit of the current or former employees of Hospice East Bay, as such term is defined in § 3(3) of ERISA, including employee benefit plans that are not subject to some or all of the provisions of ERISA (each, a "Plan"); and
 - (ii) To the extent applicable to the employees of Hospice East Bay, each material personnel policy, collective bargaining agreement, bonus plan, incentive award, vacation policy, severance pay plan, policy or agreement, deferred compensation agreement, form of consulting agreement, form of employment agreement, dependent care, life insurance program, and each other material employee benefit plan, agreement, arrangement, program, or practice that is not described in Section 4.20(a)(i) (each, a "Benefit Program and Agreement").
- (b) True, correct and complete copies of each of the Plans and Benefit Programs and Agreements, and related trusts, if applicable, including all amendments thereto, have been furnished or made available to Chapters. Hospice East Bay has also furnished or made available to Chapters, with respect to each Plan required to file such report and description, the most recent report on Form 5500 and the summary plan description.
- (c) For purposes of this Agreement, the term "Hospice East Bay ERISA Affiliate" shall mean any person (as defined in § 3(9) of ERISA) that together with Hospice East Bay would be treated as a single employer under § 4001(b) of ERISA, or would be aggregated with Hospice East Bay under § 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes or included the first entity, trade or business, or that is a member of the same "controlled group" as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.
- (d) Except as otherwise set forth on Schedule 4.20(d):
 - (i) All obligations, whether arising by operation of law or by contract, required to be performed by Hospice East Bay in connection with the Plans and the Benefit Programs and Agreements have been performed in all material respects;
 - (ii) Hospice East Bay has provided to Chapters a copy of the most recent favorable determination or opinion letter from the Internal Revenue Service for each Plan intended to be qualified under § 401 of the Code. To the Knowledge of Hospice East Bay, since receipt of the most recent favorable determination letters, none of the Plans have been amended or operated in

a way that would reasonably be expected to affect adversely such qualified and exempt status;

- (iii) There are no actions, suits, or claims pending (other than routine claims for benefits) or, to the Knowledge of Hospice East Bay, threatened against, or with respect to, any of the Plans or Benefit Programs and Agreements or their assets, other than with regard to Plans, routine claims for benefits;
 - (iv) All contributions required to be made to the Plans and Benefit Programs and Agreements pursuant to their terms and provisions have been timely made or reserved;
 - (v) As to any Plan subject to Title IV of ERISA ("Title IV Plan"), there has been no event or condition that presents the material risk of any Title IV Plan termination, no funding deficiency, whether or not waived, within the meaning of § 302 of ERISA or §§ 412 and 430 of the Code has been incurred, no reportable event within the meaning of § 4043 of ERISA (for which the disclosure requirements of Regulation §4043.3 promulgated by the Pension Benefit Guaranty Corporation ("PBGC") have not been waived), other than as a result of the Transaction, has occurred, no notice of intent to terminate any Title IV Plan has been given under § 4041 of ERISA, no Proceeding has been instituted under § 4042 of ERISA to terminate any Title IV Plan, no liability to the PBGC has been incurred, and the assets of each Title IV Plan equal or exceed the actuarial present value of the benefit liabilities under the Plan, determined based on the actuarial assumptions set forth in the most recent actuarial valuation performed with respect to such Plan; and, provided further, there is no material risk that Hospice East Bay iate has any liability with respect to any plan subject to Title IV maintained by any former Hospice East Bay ERISA Affiliate (with respect to that period in which such former Hospice East Bay ERISA Affiliate was a Hospice East Bay ERISA Affiliate);
 - (vi) To the Knowledge of Hospice East Bay, there is no matter pending (other than routine qualification determination filings) with respect to any of the Plans or Benefit Programs or Agreements before the Internal Revenue Service, the Department of Labor or the PBGC;
 - (vii) Hospice East Bay has no any liability, contingent or otherwise, relating to a Title IV Plan that is a "multiemployer plan" as defined in § 3(37) and 4001(a) (3) of ERISA; and
 - (viii) Hospice East Bay does not maintain or contribute to any defined benefit pension plan that is not a Title IV Plan.
- (e) Hospice East Bay is not a party to any agreement, nor has any such entity established any policy or practice, requiring it to make a payment or provide any other form of compensation or benefit to any Person performing services for

Hospice East Bay which would not be payable or provided in the absence of the Transaction.

- (f) In connection with the consummation of the Transaction, no payments have or will be made under the Plans or Benefit Programs and Agreements which, in the aggregate, would result in imposition of the sanctions imposed under section 280G, 4999 or 409A of the Code.
- (g) Hospice East Bay does not maintain, contribute to or have any liability under any funded or unfunded medical, health or life insurance plan or arrangement for present or future retirees or future terminated employees for the benefit of the employees of Hospice East Bay, except as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended. Neither Hospice East Bay nor any Hospice East Bay ERISA Affiliate maintains or contributes to a trust, organization or association for the benefit of the employees of Hospice East Bay or any Hospice East Bay ERISA Affiliate described in any of §§ 501(c)(9), 501(c)(17) or 501(c)(20) of the Code.

4.21 Employee Matters.

- (a) Schedule 4.21(a) contains a list of all current employees of Hospice East Bay, their current salary or wage rates, bonus and other compensation, benefit arrangements, accrued paid time off, periods of service, departments and job titles. Schedule 4.21(a) also indicates whether such employees are part-time, full-time, per diem or on a leave of absence and, if so, the type of leave. Hospice East Bay, and each of the Plans have properly classified individuals providing services to Hospice East Bay as independent contractors or employees, as the case may be. All current employees of Hospice East Bay are employees at-will, unless otherwise specified on Schedule 4.21(a). Except as disclosed on Schedule 4.21(a), Hospice East Bay is not a party to any oral (express or implied) or written employment agreement, severance agreement, or retention agreement with any individual.
- (b) Hospice East Bay is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it or any other amounts required to be reimbursed to such employees (including accrued paid time off and other benefits) or in the payment to the appropriate Governmental Authority of all required Taxes, insurance, social security and withholding thereon, except to the extent that such delinquency in payment would not, individually or in the aggregate, materially and adversely affect Hospice East Bay.
- (c) Except as set forth on Schedule 4.21(c): (i) there is no pending or threatened employee strike, work stoppage or labor dispute at any of the Facilities; (ii) to the Knowledge of Hospice East Bay, no question exists respecting union representation of any employees of Hospice East Bay, no demand has been made for recognition by a labor organization by or with respect to any employees of Hospice East Bay, no union organizing activities by or with respect to employees of Hospice East Bay

are taking place, and no employees of Hospice East Bay are represented by any labor union or organization; (iii) no collective bargaining agreement exists or is currently being negotiated by Hospice East Bay; (iv) there is no unfair labor practice claim against Hospice East Bay before the National Labor Relations Board pending or, to the Knowledge of Hospice East Bay, threatened against or involving the Business; (v) to the Knowledge of Hospice East Bay, Hospice East Bay is in compliance in all material respects with all Laws and Contracts respecting employment and employment practices, labor relations, terms and conditions of employment, and wages and hours; (vi) Hospice East Bay is not engaged in any unfair labor practices; (vii) there are no material pending or, to the Knowledge of Hospice East Bay, threatened complaints or charges before any Governmental Authority regarding employment discrimination, safety or other employment-related charges or complaints, wage and hour claims, unemployment compensation claims or workers' compensation claims; and (viii) except as otherwise expressly provided in this Agreement, Hospice East Bay will not be subject to any claim or liability for severance pay as a result of the consummation of the Transaction. Hospice East Bay has no reason to believe that any Proceedings may be brought or threatened against Hospice East Bay.

4.22 Litigation.

Schedule 4.22 contains a materially correct and complete list and summary description of all ongoing Proceedings with respect to which Hospice East Bay is a party or that relates to Hospice East Bay, the Business or the Hospice East Bay Assets. Except as set forth on Schedule 4.22, for the prior three (3) years Hospice East Bay has not received written notice of any Proceeding by or before any Governmental Authority against or affecting (i) Hospice East Bay, the Business or the Hospice East Bay Assets, (ii) any current or former employee or agent of Hospice East Bay relating to obligations with respect to the Business or Hospice East Bay Assets, or (iii) any current or former medical staff member, supplier or contractor relating to obligations with respect to the Business or Hospice East Bay Assets.

4.23 Tax Matters.

Except as disclosed on Schedule 4.23:

- (a) To the Knowledge of Hospice East Bay, Hospice East Bay (i) is, and has been since the date of its incorporation, an organization exempt from federal income tax under § 501(a) of the Code an organization that is described in § 501(c)(3), (ii) is not, and has not been since the date of its incorporation, a private foundation within the meaning of § 509(a) of the Code because it is an organization described in §§ 509(a)(1), 509(a)(2) or 509(a)(3), and (iii) is in possession of a determination letter from the Internal Revenue Service to such effect, which determination letter has not been revoked or otherwise modified,
- (b) To the Knowledge of Hospice East Bay, Hospice East Bay (i) is in compliance in all material respects with all applicable Laws pertaining to the operation of an organization described in § 501(c)(3) of the Code, as applicable, and (ii) has not

entered into any transaction that would reasonably be expected to constitute an "excess benefit transaction" within the meaning of § 4958 of the Code.

- (c) To the Knowledge of Hospice East Bay, the interests in the Real Property of Hospice East Bay are, and shall be through the Closing Date, exempt from all real and personal property Taxes, sales and use Taxes and there are no municipal assessments on, related to or under consideration for any of the Real Property.
- (d) Hospice East Bay has filed all Tax Returns that it was required to file and has paid all Taxes shown thereon as owing. Except with respect to waivers or extensions that are no longer in force, Hospice East Bay has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than ordinary course extensions of time within which to file any Tax Return.
- (e) Hospice East Bay has withheld and paid all material Taxes required to have been withheld and paid by it in connection with amounts paid or owing to any employee, independent contractor, creditor or other third party, and all Internal Revenue Service Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed (taking into account all extensions).
- (f) No Liens for Taxes exist with respect to any of the Hospice East Bay Assets, except for Permitted Encumbrances.
- (g) Hospice East Bay has not received any written notice from any Governmental Authority of deficiency or assessment, or proposed adjustment or assessment, in respect of Taxes of Hospice East Bay. To the Knowledge of Hospice East Bay, there are no pending or threatened Proceedings relating to any liability in respect of Taxes of Hospice East Bay.

4.24 Environmental Matters.

- (a) Except as disclosed on Schedule 4.24, for the prior three (3) years: (i) Hospice East Bay has no Knowledge that Hospice East Bay, the Real Property or any improvements on the Real Property are in violation of any Environmental Laws; (ii) Hospice East Bay has not received any written notice that remains outstanding from a Governmental Authority or any other Person that alleges that Hospice East Bay is in violation of or liable pursuant to applicable Environmental Laws; and (iii) Hospice East Bay has no Knowledge of any facts which would reasonably be expected to form the basis for any such liability.
- (b) Hospice East Bay has been duly issued, and currently has and will maintain through the Closing Date, all material Approvals and Permits required under any Environmental Law with respect to any of the Real Property.
- (c) To the Knowledge of Hospice East Bay, the Real Property contains no underground improvements, including treatment or storage tanks or underground piping associated with such tanks, used currently or in the past for the management of

Hazardous Materials, and Hospice East Bay has not used any portion of the Real Property as a dump or landfill.

- (d) Hospice East Bay will promptly furnish to Chapters written notice of any material Environmental Condition or of any actions or notices described in this Section 4.24 arising or received after the date hereof prior to the Effective Time.

4.25 Tax-Exempt Bond Debt.

- (a) Schedule 4.25 sets forth a materially correct and complete list of all of the Hospice East Bay Tax-Exempt Bonds, including any trust indenture, loan agreement or other agreement entered into in connection with the Hospice East Bay Tax-Exempt Bonds (the "Hospice East Bay Tax-Exempt Bond Documents"). Hospice East Bay has made available to Chapters correct and complete copies of the Hospice East Bay Tax-Exempt Bond Documents.
- (b) Except as set forth on Schedule 4.25, to the Knowledge of Hospice East Bay, Hospice East Bay is not in violation of any of the terms and conditions of any Hospice East Bay Tax-Exempt Bond Documents, and no event or condition exists that constitutes an event of default under any such documents or that with the passing of time or the giving of notice, or both, would constitute an event of default under any such documents.
- (c) Hospice East Bay is not aware of any event or condition, that has occurred or exists that would adversely affect the tax-exempt status under federal law of the interest payable on any Hospice East Bay Tax-Exempt Bonds and no inquiry or notice has been received from the Internal Revenue Service and no Proceeding by or before any Governmental Authority is pending or, to the Knowledge of Hospice East Bay, threatened, which challenges the tax-exempt status under federal law of the interest payable on any Hospice East Bay Tax-Exempt Bonds.
- (d) Any arbitrage rebate payments required to be paid with respect to the Hospice East Bay Tax-Exempt Bonds under § 148(f) of the Code and the Treasury Regulations thereunder have been paid to the United States, in the manner on the dates and in the amounts required by § 148(f) of the Code and the Treasury Regulations thereunder.
- (e) Between the date hereof and the Closing Date, Hospice East Bay will use its commercially reasonable efforts to ensure that Hospice East Bay does not take any action or fail to act if such action or failure to act would reasonably be expected to adversely affect the tax-exempt status under federal law of the interest payable on any Hospice East Bay Tax-Exempt Bonds or would, with the passage of time, reasonably be expected to constitute an event of default with respect to any Hospice East Bay Tax-Exempt Bond Documents. Nothing contained in this subsection will restrict the ability of Hospice East Bay to retire the Hospice East Bay Tax-Exempt Bonds.

- (f) Hospice East Bay has not entered into, and between the date of this Agreement and the Closing, Hospice East Bay will not enter into, any lease, management contract, service agreement, or other similar arrangement with a private entity or person which would be considered a private use of facilities financed with the proceeds of Hospice East Bay Tax-Exempt Bonds if such private use, combined with any other private uses with respect to the Hospice East Bay Tax-Exempt Bonds, would reasonably be expected to cause any Hospice East Bay Tax-Exempt Bonds to cease qualifying for tax-exempt status under Code § 103.

4.26 Other Indebtedness.

- (a) Schedule 4.26 sets forth a materially correct and complete list of all Hospice East Bay Taxable Debt, including any trust indenture, loan agreement or other agreement entered into in connection with Hospice East Bay Taxable Debt (the "Hospice East Bay Taxable Debt Documents"). Hospice East Bay has made available to Chapters correct and complete copies of the Hospice East Bay Taxable Debt Documents.
- (b) Except as set forth as Schedule 4.26, to the Knowledge of Hospice East Bay, Hospice East Bay is not in violation of any of the terms and conditions of any Hospice East Bay Taxable Debt Documents and no event or condition exists that constitutes an event of default under any such documents or that with the passing of time or the giving of notice, or both, would constitute an event of default under any such documents.

4.27 Absence of Changes.

Except as set forth on Schedule 4.27, since July 31, 2024, there has been no:

- (a) Material Adverse Effect;
- (b) material damage, destruction or loss with respect to or affecting any of the Hospice East Bay Assets, whether or not covered by insurance;
- (c) strike, work stoppage, lockout or other significant labor dispute or, to Hospice East Bay's Knowledge, commencement of organization activity with respect to the workforce of Hospice East Bay;
- (d) sale, transfer or other disposal of any of the Hospice East Bay Assets, except in the Ordinary Course of Business;
- (e) Encumbrance imposed on any of the Hospice East Bay Assets, except for Permitted Encumbrances;
- (f) change in any accounting policy or methodology, except as may have been required in accordance with GAAP;

- (g) transaction or other action by Hospice East Bay outside the Ordinary Course of Business or not otherwise permitted by this Agreement; or
- (h) agreement, whether in writing or otherwise, by Hospice East Bay to take any of the actions set forth in this Section 4.27 or not otherwise permitted by this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF CHAPTERS

As of the date hereof and as of the Closing Date (except to the extent any of the following refers to any other specific date and subject to Section 12.13 of this Agreement), Chapters represents and warrants to Hospice East Bay, as follows:

5.1 Organization; Capacity.

Chapters is a corporation duly organized, validly existing and with an active status under the laws of the State of Florida. Chapters is qualified to do business under all applicable Laws of any Governmental Authority having jurisdiction over its businesses and to own its properties and conduct its business in the place and manner now conducted. Chapters has the requisite power and authority to enter into this Agreement and the other Transaction Documents to which Chapters is (or at the Closing, will become) a party and to perform its obligations hereunder and thereunder. The execution and delivery by Chapters of this Agreement and documents described herein to which it is (or at the Closing, will become) a party, the performance by Chapters of its obligations under this Agreement and documents described herein to which it is a (or at the Closing, will become) Party and the consummation by Chapters of the Transaction, as applicable, have been, or will be prior to the Closing, duly and validly authorized and approved by all necessary corporate actions on the part of Chapters, none of which actions have been modified or rescinded and all of which actions remain in full force and effect.

5.2 Authority; Noncontravention.

There are no outstanding powers of attorney executed by or on behalf of Chapters. The execution, delivery and performance of this Agreement and each other Transaction Document by Chapters thereto and the consummation by Chapters of the Transaction, as applicable:

- (a) are within Chapters' powers and are not in contravention or violation of the terms of the articles of incorporation or bylaws of Chapters and have been, or will be prior to the Closing, approved by all requisite corporate action;
- (b) except as set forth on Schedule 5.2(b), do not require that Chapters seek or obtain any Approval of, filing or registration with, the issuance of any material Permit by, or give any Notice to, any Governmental Authority;
- (c) assuming the Approvals and Permits set forth on Schedule 5.2(b) are obtained, to the Knowledge of Chapters, will not conflict in any material respect with, or result in any violation of or default under (with or without notice or lapse or both), or give

rise to a right of termination, cancellation, acceleration or augmentation of any obligation or to loss of any material benefit under, (i) any Contract, instrument, indenture, covenant, or understanding to which Chapters is bound or is a party, or (ii) any Order or Law to which Chapters may be subject; and

- (d) to the Knowledge of Chapters, will neither conflict with, nor result in, a material breach or contravention of any agreement, lease, instrument, indenture, covenant, or understanding to which Chapters is bound or is a party.

5.3 Binding Agreement.

This Agreement has been, and each Transaction Document to which Chapters is (or at the Closing, will become) a party has been, or upon execution thereof will be, duly executed and delivered by Chapters and (assuming due authorization, execution, and delivery by Hospice East Bay and all other parties thereto) this Agreement and each Transaction Document to which Chapters is a party constitute legal, valid, and binding obligations of Chapters enforceable against Chapters in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

5.4 Financial Information.

- (a) Schedule 5.4(a) hereto contains the following financial statements and financial information of Chapters (the "Chapters Historical Financial Information"):
 - (i) the audited consolidated balance sheets, statements of operation, statements of changes in net assets, and statements of cash flow (including the accompanying consolidating schedules of balance sheet information and statement of operation information) for Chapters as of, and for the twelve-month periods ended December 31, 2023, and December 31, 2022.
 - (ii) the unaudited consolidated balance sheet (including the accompanying consolidating schedules of balance sheet information) and unaudited consolidated statement of operations (including the accompanying consolidating schedules of statement of operation information) prepared in the Ordinary Course of Business for the fiscal period ending on a date which is not more than sixty (60) calendar days prior to the date of this Agreement.
- (b) The consolidated financial statements included in the Chapters Historical Financial Information have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated (subject, in the case of the unaudited Chapters Historical Financial Information, to the absence of notes and normal year-end audit adjustments, the effect of which is not material to Chapters), and are based on the information contained in the books and records of Chapters and its Affiliates. Chapters has not materially changed any accounting policy or methodology during the periods presented in the Chapters Historical Financial Information (including accounting policies and methodologies for determining the obsolescence of

inventory or in calculating reserves, including reserves for uncollected accounts receivable).

5.5 Litigation.

Except as set forth on Schedule 5.5: (i) there is no Proceeding or Order pending or, to the Knowledge of Chapters, threatened against or affecting Chapters before any court or Governmental Authority that has or would reasonably be expected to have a material adverse effect on Chapters' ability to perform this Agreement; and (ii) Chapters is not subject to any Order that would materially and adversely affect the consummation of the Transaction.

5.6 Regulatory Compliance.

Except as set forth on Schedule 5.6, for the prior three (3) years:

- (a) Neither Chapters, nor to Chapters' Knowledge, any of its respective officers, directors or employees, has been convicted of, charged with, investigated for, or has engaged in conduct that would reasonably be expected to constitute, a Medicare or other Federal Health Care Program (as defined in 42 U.S.C. § 1320a-7(b)(f)) related offense or convicted of, charged with, investigated for, or engaged in conduct that would constitute a violation of any Law related to fraud, theft, embezzlement, breach of fiduciary duty, kickbacks, bribes, other financial misconduct, obstruction of an investigation or controlled substances. Neither Chapters, nor to Chapters' Knowledge, any officer, director or employee of Chapters has been excluded from participating in any Government Program, subject to sanction pursuant to 42 U.S.C. § 1320a-7a or § 1320a-8 or been convicted of a crime described at 42 U.S.C. § 1320a-7b, nor are any such exclusions, sanctions or charges threatened or pending.
- (b) Chapters (i) is not a party to a corporate integrity agreement with the OIG; (ii) has no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (iii) has not been formally notified that it is the subject of any Government Program investigation conducted by any federal or state enforcement agency (not including routine or random surveys, audits or reviews which do not or reasonably should not result in findings materially adverse to the relevant Chapters); and (iv) has not been formally notified that it is a defendant in any qui tam/False Claims Act litigation (other than by reason of a sealed complaint of which Chapters may have no Knowledge).
- (c) Except in compliance with applicable Law, neither Chapters, nor to Chapters' Knowledge, any of their officers, directors or employees is a party to any contract, lease agreement or other arrangement (including any joint venture or consulting agreement) related to Chapters with any physician, physical or occupational therapist, health care facility, hospital, nursing facility, home health agency or other person or entity that is in a position to make or influence referrals to or otherwise generate business for Chapters with respect to its assets, to provide services or lease space or equipment.

5.7 Tax Matters.

Except as set forth on Schedule 5.7:

- (a) To the Knowledge of Chapters, Chapters (i) is, and has been since the date of its incorporation, an organization exempt from federal income tax under § 501(a) of the Code as an organization that is described in § 501(c)(3), (ii) is not, and has not been since the date of its incorporation, a private foundation within the meaning of § 509(a) of the Code because it is an organization described in §§ 509(a)(1), 509(a)(2) or 509(a)(3), (iii) is in possession of a determination letter from the Internal Revenue Service to such effect, which determination letter has not been revoked or otherwise modified, (iv) is in compliance in all material respects with all applicable Laws pertaining to the operation of an organization described in § 501(c)(3) of the Code, and (v) has not entered into any transaction that would reasonably be expected to constitute an “excess benefit transaction” within the meaning of § 4958 of the Code.
- (b) Chapters has filed all Tax Returns required to be filed by it. All Taxes due and owing by Chapters (whether or not shown on any Tax Return), have either been paid or are being contested in good faith by appropriate Proceedings for which adequate reserves have been established. Except with respect to waivers or extensions that are no longer in force, Chapters has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than ordinary course extensions of time within which to file any Tax Return.
- (c) Chapters has withheld and paid all material Taxes required to have been withheld and paid by it in connection with amounts paid or owing to any employee, independent contractor, creditor or other third party, and all Internal Revenue Service Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed (taking into account all extensions).
- (d) Chapters has not received any written notice from any Governmental Authority of deficiency or assessment, or proposed adjustment or assessment, in respect of Taxes of Chapters. To the Knowledge of Chapters, there are no pending or threatened Proceedings relating to any liability in respect of Taxes of Chapters.

ARTICLE 6

PRE-CLOSING COVENANTS OF THE PARTIES

The covenants of the Parties set forth in this Article 6 shall apply to the period between the date of this Agreement and the Closing.

6.1 Access to Information.

Subject to the terms of the Confidentiality Agreement agreed upon by the Parties, (i) Hospice East Bay shall provide to Chapters and its authorized representatives such reasonable and customary access to and an opportunity to inspect, investigate and review all facilities, books and records of

Hospice East Bay and shall cause the directors, employees, accountants, and other agents and representatives of Hospice East Bay to reasonably cooperate in connection with Chapters' due diligence investigation of Hospice East Bay's assets, contracts, liabilities, operations, records and other aspects of the operations, business and affairs of Hospice East Bay, and (ii) Chapters shall provide to Hospice East Bay and its authorized representatives such reasonable and customary access to and an opportunity to inspect, investigate and review all facilities, books and records of Chapters and shall cause the directors, employees, accountants, and other agents and representatives of Chapters to reasonably cooperate with Hospice East Bay's due diligence investigation of Chapters' assets, contracts, liabilities, operations, records and other aspects of the operations, business and affairs of Chapters. All due diligence will be conducted by each Party in a manner that will not unreasonably interfere with the other Party's ongoing operations.

6.2 Conduct of Business.

From the date hereof until the Effective Time, except in the Ordinary Course of Business and consistent with past practices, or as otherwise approved in writing by Chapters, Hospice East Bay will:

- (a) carry on the Business in substantially the same manner as it has heretofore and not make any material change in operations, finance, accounting policies, or the Hospice East Bay Assets other than in the Ordinary Course of Business;
- (b) not make any change in employees or other personnel (excluding voluntary terminations and retirements) that is at a level of executive vice-president or above;
- (c) maintain the Hospice East Bay Assets and all parts thereof in as good working order and condition as at present, ordinary wear and tear excepted;
- (d) make all normal and planned capital expenditures and other capital expenditures for emergency repairs or replacement;
- (e) perform in all material respects all of its obligations and enforce the performance in all material respects of any party's obligations under the Material Contracts;
- (f) keep in full force and effect present insurance policies or other comparable insurance on the Hospice East Bay Assets;
- (g) use commercially reasonable efforts to maintain and preserve intact its business organizations with respect to the Hospice East Bay Assets, retain its present employees at the Facilities and maintain its relationships with physicians, medical staff, suppliers, customers and others having business relations with the Facilities;
- (h) permit and allow reasonable access by Chapters to physicians, medical staff and others that have business relations with Hospice East Bay;
- (i) use commercially reasonable efforts to correct any requirements for improvement cited by any Governmental Authority or accreditation agency in the most recent surveys conducted by each or develop and timely implement evidence of standards

compliance that is acceptable to any Governmental Authority or accreditation agency;

- (j) comply in all material respects with all Laws applicable to the conduct of the Business;
- (k) continue to collect accounts receivable and pay accounts payable with respect to the Business in the Ordinary Course of Business; and
- (l) comply with all obligations, covenants and requirements set forth in the Hospice East Bay Tax-Exempt Bond Documents and the Hospice East Bay Taxable Debt Documents.

From and after the date of this Agreement, Hospice East Bay shall notify Chapters as and when Hospice East Bay proposes to vary from, or to not take, any action described in subsections (a) through (1) of this Section 6.2 (each, a “Proposed Change Notification”). Thereafter, any such proposed change may be undertaken by Hospice East Bay as permitted by this Section 6.2 including if consented to in writing by Chapters, which consent shall be deemed to have been given if no objection by Chapters is received by Hospice East Bay within three (3) calendar days following the date of Chapters’ receipt of the Proposed Change Notification; for purposes of clarification, Andrew K. Molosky, President and CEO of Chapters and Rhonda White, COO of Chapters, are each independently authorized to approve of such action under the Proposed Change Notification. Each Proposed Change Notification shall be in writing (which may be in the form of email) addressed to Andrew Molosky at MoloskyA@chaptershealth.org and Rhonda White at RWhite@chaptershealth.org and shall identify the proposed change and set forth a description of the proposed change in sufficient detail to allow Chapters to make an informed determination. In the event Hospice East Bay takes an action described in subsections (a) through (1) of this Section 6.2 without first obtaining the consent of Chapters, Chapters shall have the right to terminate this Agreement within ten (10) calendar days after Chapters becomes aware of such action by Hospice East Bay. Under no event will an action of Hospice East Bay described in this Section 6.2 constitute a breach of this Agreement, and Chapters sole remedy shall be to terminate this Agreement during such ten (10) calendar day period.

6.3 Negative Covenants.

From the date hereof to the Effective Time, except in the Ordinary Course of Business, upon the written approval of Chapters (which approval shall not be unreasonably withheld, conditioned or delayed), as may be required by applicable Law, or as contemplated or permitted by this Agreement, Hospice East Bay will not, with respect to the Business or otherwise regarding the Hospice East Bay Assets:

- (a) enter into any Contract (i) that involves direct or indirect payments to or from physicians or, to the Knowledge of Hospice East Bay, other potential sources of referrals (or Persons owned or controlled, in whole or in part, by physicians or, to the Knowledge of Hospice East Bay, potential sources of referrals, including those

in a position to influence referrals) of a base compensation or fee of more than \$100,000 annually (or \$100,000 in the case of a Contract renewal), (ii) that is an employment agreement that commits to the payment of annual base compensation greater than \$100,000 and that is for a term greater than one year (regardless of whether such agreement satisfies the standards described in Section 6.3(a)(i)), (iii) that will restrict the ability of Hospice East Bay to compete in any manner in any geographic area, (iv) that is with a union or other collective bargaining group, or (v) that is with a managed care payor or other third-party payor;

- (b) enter into any other Contract except for Contracts that satisfy each of the following requirements: (i) the Contract does not contain any restrictive covenant, change of control or other Contract provision that would trigger any modification or termination of the Contract or that requires the consent from or notice to any third party to the Contract as a result of the Transaction, and (ii) the Contract does not involve the payment or receipt of more than \$100,000 annually (or \$100,000 in the case of a Contract renewal);
- (c) amend or terminate any Contract that is of the type referenced in either Section 6.3(a) or Section 6.3(b) above;
- (d) materially increase compensation payable to, or to become payable to, or make or agree to make a bonus payment to, any employee, physician, director, or officer or under any consulting or independent contractor Contract, except in the Ordinary Course of Business in accordance with existing personnel policies or as necessary to comply with Contracts that are binding on Hospice East Bay as of the date of this Agreement;
- (e) (i) by action or inaction, abandon, terminate, cancel, forfeit, waive or release any material rights of Hospice East Bay, in whole or in part, with respect to the Hospice East Bay Assets or encumber any of the Hospice East Bay Assets (other than purchase money security interests or vendor financing entered into in the Ordinary Course of Business); (ii) effect any corporate merger, business combination, reorganization or similar transaction or take any other action, corporate or otherwise; or (iii) settle any dispute or threatened dispute with any Governmental Authority regarding the Hospice East Bay Assets in a manner that materially and adversely affects the Business;
- (f) except for an emergency capital expenditure, make any material unbudgeted capital expenditure commitment for additions to property, plant, equipment, intangible or capital assets or for any other purpose, other than for emergency repairs or replacement;
- (g) fail to maintain the books, accounts and records of Hospice East Bay in accordance with GAAP consistently applied;

- (h) amend the Articles of Incorporation, Bylaws or other comparable charter or organizational documents of Hospice East Bay, except as required by this Agreement;
- (i) adopt or amend any new or existing Plans of Hospice East Bay (other than such routine amendments as may be necessary for regulatory compliance);
- (j) apply for or become subject to the appointment of a receiver, trustee or liquidator, make an assignment for benefit of its creditors, admit in writing its inability to pay its debts as they become due, or file a voluntary petition in any court of competent jurisdiction seeking protection from creditors or declaring itself insolvent and unable to meet its obligations when due;
- (k) incur any unbudgeted long-term indebtedness;
- (l) alter title to the Owned Real Property as it exists on the date of this Agreement, between the date of this Agreement and Closing; or
- (m) sell, assign or otherwise transfer any lease of the Leased Real Property or enter into any sublease, license or occupancy agreement with respect to all or any portion of the Leased Real Property.

6.4 Notification of Certain Matters.

- (a) From the date hereof to the Effective Time, Hospice East Bay shall give prompt written notice to Chapters of (i) the occurrence, or failure to occur, of any event that causes any representation or warranty of Hospice East Bay contained in this Agreement to be untrue in any material respect, and (ii) any failure of Hospice East Bay to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.
- (b) From the date hereof to the Closing Date, Chapters shall give prompt notice to Hospice East Bay of (i) the occurrence, or failure to occur, of any event that causes any representation or warranty of Chapters contained in this Agreement to be untrue in any material respect, and (ii) any failure of Chapters to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement. Such notice shall provide a reasonably detailed description of the relevant circumstances, based on facts known to Chapters.

6.5 Restrictive Contracts.

- (a) With regard to any Material Contract that contains a restrictive covenant, change of control or other Material Contract provision that would trigger a modification or termination of the Material Contract or that requires consent from or notice to any third party to the Material Contract as a result of the Transaction, Hospice East Bay shall be responsible for and shall use its commercially reasonable efforts to obtain all such consents and provide all such notices. If any such consent cannot be

obtained despite such commercially reasonable best efforts, Hospice East Bay shall upon the reasonable request of Chapters cooperate in any reasonable arrangement designed to preserve benefits under any such Material Contract, including enforcement of any and all rights of Hospice East Bay against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

- (b) Anything contained in this Agreement to the contrary notwithstanding, this Agreement shall not be deemed to constitute an agreement that would restrict the actions, purchasing power or options, or other contracting rights of Chapters or its Affiliates with respect to any entity, facility, business or operations other than Hospice East Bay and the Hospice East Bay Assets. If a Contract contains such a restriction, Hospice East Bay shall reasonably cooperate in any reasonable arrangement designed to preserve benefits under any such Contract without the application of such restrictions or limitations to Chapters or its Affiliates.

6.6 Approvals.

Between the date hereof and the Closing Date, Hospice East Bay and Chapters shall use their respective commercially reasonable best efforts to obtain all Approvals and Permits and deliver all Notices necessary for the completion of the Transaction and the operation of the Business following the Closing. Chapters and Hospice East Bay agree to reasonably cooperate with each other and to provide such information and communications to each other or to any Governmental Authority as may be reasonably requested by one another or any Governmental Authority in order to obtain the Approvals and Permits and deliver the Notices contemplated above or as otherwise necessary to consummate the Transaction. Subject to any limitations required by applicable Law, Chapters and Hospice East Bay will, and will cause their respective counsel to, supply to each other copies of all material correspondence, filings or written communications by such Party with any Governmental Authority or staff members thereof, with respect to the Transaction.

6.7 Additional Financial Information.

Within thirty (30) days following the end of each calendar month prior to the Closing Date, Hospice East Bay will deliver to Chapters, copies of the unaudited consolidated balance sheets and the related unaudited combined income statements relating to the Business for each month then ended. Within ten (10) days of receipt, Hospice East Bay will deliver to Chapters for fiscal years ending prior to the Closing Date audited consolidated balance sheets, statements of operation, statements of changes in net assets, and statements of cash flow (including the accompanying consolidating schedules of balance sheet information and statement of operation information). Such financial statements shall have been prepared from and in accordance with Hospice East Bay's books and records, shall be true, correct and complete in all material respects and fairly present the financial position and results of operations of the Business as of the date and for the period indicated, and shall be prepared in accordance with GAAP, consistently applied, except that in the case of the unaudited monthly statements, such financial statements need not include required footnote disclosures, nor reflect normal year-end adjustments or adjustments that may be required as a result of the Transaction.

6.8 Closing Conditions.

Between the date of this Agreement and the Effective Time, Hospice East Bay and Chapters will use their commercially reasonable efforts (unless another standard is provided for herein) to cause the conditions specified in ARTICLE 8 and ARTICLE 9 hereof over which Hospice East Bay and Chapters, respectively, have control, including the receipt of all required Approvals and Permits set forth on Schedules 8.4 and 9.4, to be satisfied as soon as reasonably practicable, but in all events on or before the Effective Time.

ARTICLE 7 POST-CLOSING COVENANTS OF THE PARTIES

The covenants of the Parties set forth in this Article 7 shall apply to the period that commences on the Effective Time.

7.1 Employees.

- (a) Subject only to Chapters standard hiring practices and policies, Chapters shall offer employment to all of Hospice East Bay's employees who are employed and in good standing as of the Closing. All such employees will continue to be employed for an interim period of at least twelve (12) weeks after the Closing (except for any such employees who voluntarily resign). Subject to Section 7.1(c), for a period of fifty-two (52) weeks commencing with the date of this Agreement, all regular full-time and part-time non-exempt and exempt salaried employees of Hospice East Bay as of the Closing Date will in the event of termination of employment, other than termination due to performance or a voluntary termination, be eligible to receive severance benefits described as follows: (i) regular full-time and part-time non-management employees (excluding temporary or "PRN" employees), three (3) months; (ii) manager level employees, four (4) months; (iii) director level employees, six (6) months; and (iv) vice-president level employees, eight (8) months. Temporary or "PRN" employees will not be eligible for severance benefits. Any severance benefits potentially payable under this Section 7.1(a) to a Hospice East Bay employee will not be impacted by any post-Closing change in title or income level, nor will any such severance benefits become payable or adjusted solely because a Hospice East Bay managerial employee becomes employed by Chapters or a pre-Closing Chapters Affiliate (in which case severance benefits will be paid only if the managerial employee's position with Chapters or such pre-Closing Chapters Affiliate is eliminated). Eligibility of each manager, director and vice president level employee to potentially receive the severance benefits provided for in this Section 7.1(a) will be conditioned upon Chapters and Hospice East Bay receiving from such Hospice East Bay employee prior to the payment of any severance a duly executed and effective separation and release agreement in a form mutually acceptable to Chapters and Hospice East Bay in which such employee agrees to keep the terms associated with their severance benefits confidential and to fully release Hospice East Bay and Chapters from any and all liabilities and obligations upon the payment of severance benefits to which such employee may become entitled. Any severance benefits to be paid to

employees of Hospice East Bay pursuant to this Section 7.1(a) will be paid out of Hospice East Bay's pre-Closing assets. In anticipation of potentially paying the severance benefits described in this Section 7.1(a), Hospice East Bay will prior to the Closing reserve on its financial statements the following amounts: (a) five percent (5%) of the maximum potential aggregate amount of severance benefits that could become due and payable to Hospice East Bay's regular full-time and part-time non-management employees; and (b) fifty percent (50%) of the maximum potential aggregate amount of severance benefits that could become due and payable to Hospice East Bay's manager level, director level and vice-president level employees. Hospice East Bay's managerial employees that remain in good standing will continue to participate in any existing Hospice East Bay bonus incentive plan that may exist for 2024 and any bonus earned for 2024 will be paid in accordance with the terms of that plan. Commencing with calendar year 2025, Hospice East Bay's executive employees will participate in Chapters' bonus incentive plan and any bonuses that are paid will be in accordance with such plan.

- (b) Attached as Schedule 7.1(b) is a list of all employment agreements, severance agreements and plans, retention agreements, and plans, and all other similar agreements and plans of every kind and nature that create outstanding obligations owed by Hospice East Bay to any employee or former employee of Hospice East Bay.
- (c) Notwithstanding anything to the contrary, those employees represented by the National Union for Health Care Workers or any other labor union or organization shall receive the compensation, benefits, and other protections, including without limitation any severance benefits, as contemplated under the applicable collective bargaining agreement or similar agreement, if any. If no such collective bargaining agreement or similar agreement exists as of the Closing, then such employees represented by the National Union for Health Care Workers or any other labor union or organization shall be eligible for the severance benefits described in Section 7.1(a) until a collective bargaining agreement or similar agreement takes effect.

7.2 Restricted Funds.

Chapters and Hospice East Bay will continue to be bound by and honor the terms of all endowments and/or donor-restricted funds, and the beneficial interests of the Parties in any gifts or bequests shall continue. Future contributions to each of the Parties, whether under will, deed of trust or otherwise, shall be treated as contributions to the named Party.

7.3 Restrictions on Use of Hospice East Bay Assets; Maintenance of Specialty Programs.

After the Effective Time all assets of Hospice East Bay will continue to be used for qualifying healthcare and charitable purposes. All assets on Hospice East Bay's balance sheet as of the Closing and any proceeds from the sale of any real property or health facility owned by Hospice East Bay as of the Closing net of any gains or losses on invested assets, including, without limitation (i) that certain real property located at 3470 Buskirk Avenue, Pleasant Hill, California 94523 and (ii) the Bruns House inpatient hospice facility located at 2849 Miranda Avenue, Alamo,

California 94507, will, unless otherwise decided by vote of the Hospice East Bay board (excluding board members who are also Chapters officers or employees), be irrevocably dedicated to use in the Service Area. A copy of Hospice East Bay's balance sheet as of the Closing will be attached hereto and made a part hereof as Schedule 7.3. For five (5) years after the Closing, Chapters shall not take any action to restrict, prohibit or limit Hospice East Bay's ability to maintain existing "specialty" programs that include the Bruns House, Veterans Program, Bridge Program (grief services for children and teens) and Music Therapy as long as any operating losses from those programs can be funded through a combination of Hospice East Bay's fundraising efforts and non-reserved investments.

7.4 Local Fundraising; Charitable Contributions.

To the extent that after the Effective Time Hospice East Bay engages in retail thrift store operations designed to support local programs, or local fundraising or receives charitable contributions or grants, the net income of all such efforts will, unless otherwise decided by vote of the Hospice East Bay board (excluding board members who are also Chapters officers or employees), be irrevocably dedicated for use in the Service Area.

7.5 Access to Information.

The Parties acknowledge that, subsequent to the Effective Time, Chapters and Hospice East Bay may need access to information and documents in the control or possession of the other for purposes of completing the Transaction, audit preparation, compliance with Laws and other legitimate business purposes. The Parties agree that they will provide such information and documents in their possession or control to the other Parties, their attorneys and independent auditors as shall be reasonably necessary or appropriate for the purposes described in this Section 7.3, subject to all applicable Laws, specifically including the Laws pertaining to antitrust and competition.

ARTICLE 8 **CONDITIONS PRECEDENT TO OBLIGATIONS OF CHAPTERS**

The obligations of Chapters hereunder are subject to the satisfaction, on or prior to the Closing Date, of the following conditions unless waived in writing by Chapters:

8.1 Representations and Warranties.

The representations and warranties of Hospice East Bay contained in this Agreement and in any document, instrument or certificate delivered hereunder shall be true and correct in all material respects at and as of the date of this Agreement and on the Closing Date with the same force and effect as if made as of the Closing (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

8.2 Performance.

Hospice East Bay shall have performed and complied, in all material respects, with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by Hospice East Bay at or prior to the Closing.

8.3 No Material Adverse Effect.

No Material Adverse Effect shall have occurred.

8.4 Pre-Closing Confirmations by Governmental Authorities.

Chapters shall have obtained documentation or other evidence reasonably satisfactory to Chapters that the Parties have received all those Approvals and Permits set forth on Schedule 8.4.

8.5 Action/Proceeding.

No court or any other Governmental Authority shall have issued an Order restraining or prohibiting the Transaction (that, if not permanent, has not been lifted or vacated or otherwise is no longer in effect); no Governmental Authority shall have commenced or threatened in writing to commence any Proceeding before any court of competent jurisdiction or other Governmental Authority that seeks to restrain or prohibit the consummation of the Transaction or otherwise seeks a remedy which would reasonably be expected to materially and adversely affect the operation of the Business; and none of the Justice Department, FTC, California Attorney General, California Department of Public Health, or California Office of Health Care Affordability shall have requested, orally or in writing, that Chapters delay, postpone or forebear from the Closing.

8.6 Closing Documents.

Hospice East Bay shall have executed and delivered to Chapters all of the documents and other items required to be delivered by Hospice East Bay as contemplated by Section 3.2 or otherwise pursuant to any term or provision of this Agreement.

8.7 Post-Closing Compliance with Laws and Regulations.

Chapters shall have received such reasonable assurances as it determines to be reasonably necessary to confirm that the Transaction described in this Agreement and the post-Closing operations and affairs of Chapters and Hospice East Bay will comply with all applicable Laws, including those relating to antitrust and competition, and that all other outstanding substantive and regulatory issues have been resolved to the satisfaction of Chapters.

8.8 Tax-Exempt Status of Hospice East Bay.

Chapters shall have received such reasonable assurances as it deems reasonably necessary to confirm that, since the date of this Agreement, (i) no changes in Law shall have occurred and (ii) no changes in facts and circumstances (excluding these that were either reasonably foreseeable or caused by or within the control of Chapters) shall have transpired, that in either case cause the

Code § 501(c)(3) federal income tax-exempt status of Hospice East Bay to be placed in jeopardy by the Closing of the Transaction.

8.9 Completion of Due Diligence.

Chapters shall have completed such due diligence of Hospice East Bay, and the Hospice East Bay Assets as it deems appropriate and shall be satisfied with the results thereof in its sole discretion.

8.10 Approvals.

All actions to be taken by Hospice East Bay in connection with the execution, delivery, and performance of this Agreement and the ancillary documents, the consummation of the Transaction contemplated hereby or thereby, and all consents, certificates, documents, instruments, agreements and government approvals required to effect the Transaction contemplated hereby or thereby shall be reasonably satisfactory in form and substance to Chapters.

8.11 Schedules, Exhibits, Attachments, and Ancillary Documents.

The Schedules delivered by Hospice East Bay shall be complete to the reasonable satisfaction of Chapters and all Exhibits, attachments, and ancillary documents shall be in the form and substance reasonably satisfactory to Chapters.

8.12 Further Assurances.

Chapters shall have received such consents, certificates, documents, instruments, and agreements as may reasonably be required by it to carry out and consummate the Transaction contemplated hereby and to evidence the fulfillment of the agreements herein contained and the performance of all the conditions to the consummation of the Transaction.

ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS OF HOSPICE EAST BAY

The obligations of Hospice East Bay hereunder are subject to the satisfaction, on or prior to the Closing Date, of the following conditions unless waived in writing by Hospice East Bay:

9.1 Representations and Warranties.

The representations and warranties of Chapters contained in this Agreement and in any document, instrument or certificate delivered hereunder shall be true and correct in all material respects at and as of the date of this Agreement and on the Closing Date with the same force and effect as if made as of the Closing (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

9.2 Performance.

Chapters shall have performed and complied, in all material respects, with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by Chapters at or prior to the Closing.

9.3 No Material Adverse Effect.

No Material Adverse Effect shall have occurred.

9.4 Pre-Closing Confirmations by Governmental Authorities.

Hospice East Bay shall have obtained documentation or other evidence reasonably satisfactory to Hospice East Bay that the Parties have received such Approvals and Permits as set forth on Schedule 9.4.

9.5 Action/Proceeding.

No court or any other Governmental Authority shall have issued an Order restraining or prohibiting the Transaction (that, if not permanent, has not been lifted or vacated or otherwise is no longer in effect); no Governmental Authority shall have commenced or threatened in writing to commence any Proceeding before any court of competent jurisdiction or other Governmental Authority that seeks to restrain or prohibit the consummation of the Transaction or otherwise seeks a remedy which would reasonably be expected to materially and adversely affect the operation of the Business; and none of the Justice Department, FTC, California Attorney General, or California Department of Public Health, or California Office of Health Care Affordability shall have requested, orally or in writing, that Hospice East Bay delay, postpone or forebear from the Closing.

9.6 Closing Documents.

Chapters shall have executed and delivered to Hospice East Bay all of the documents and other items required to be delivered by Chapters as contemplated by Section 3.3 or otherwise pursuant to any term or provision of this Agreement.

9.7 Post-Closing Compliance with Laws and Regulations.

Hospice East Bay shall have received such reasonable assurances as it determines to be reasonably necessary to confirm that the Transaction described in the Agreement and the post-Closing operations and affairs of Chapters and Hospice East Bay will comply with all applicable Laws, including those relating to antitrust and competition, and that all other outstanding substantive and regulatory issues have been resolved to the satisfaction of Hospice East Bay.

9.8 Tax-Exempt Status of Chapters.

Hospice East Bay shall have received such reasonable assurances as it deems reasonably necessary to confirm that, since the date of this Agreement, (i) no changes in Law shall have occurred and (ii) no changes in facts and circumstances (excluding those that were either reasonably foreseeable or caused by or within the control of Hospice East Bay) shall have

transpired, that in either case cause the Code § 501(c)(3) federal income tax-exempt status of Chapters, to be placed in jeopardy by the Closing of the Transaction.

9.9 Completion of Due Diligence.

Hospice East Bay shall have completed such due diligence of Chapters as Hospice East Bay deems appropriate and shall be satisfied with the results thereof in its sole discretion.

9.10 Approvals.

All actions to be taken by Chapters in connection with the execution, delivery, and performance of this Agreement and the ancillary documents, the consummation of the Transaction contemplated hereby or thereby, and all consents, certificates, documents, instruments, agreements and governmental approvals required to effect the Transaction contemplated hereby or thereby shall be reasonably satisfactory in form and substance to Hospice East Bay.

9.11 Schedules, Exhibits, Attachments, and Ancillary Documents.

The Schedules delivered by Chapters shall be complete to the reasonable satisfaction of Hospice East Bay and all Exhibits, attachments, and ancillary documents shall be in the form and substance reasonably satisfactory to Hospice East Bay.

9.12 Chapters West.

Hospice East Bay shall have received such evidence as it deems reasonably satisfactory to confirm that (i) at least two (2) independent not for profit hospice organizations in addition to Hospice East Bay have entered into binding affiliation agreements to affiliate with Chapters and participate in Chapters West and (ii) if such affiliation transactions have not closed by the Closing Date, Chapters has no Knowledge of any violation, breach, default or other condition related to such affiliation agreements that could reasonably be expected to result in a failure to close the transactions contemplated by such affiliation agreements.

9.13 Further Assurances.

Hospice East Bay shall have received such consents, certificates, documents, instruments and agreements as may reasonably be required by it to carry out and consummate the Transaction contemplated hereby and to evidence the fulfillment of the agreements herein contained and the performance of all of the conditions to the consummation of such Transaction.

ARTICLE 10
TERMINATION

10.1 Termination Prior to Closing.

This Agreement may be terminated and the Transaction may be abandoned at any time prior to the Closing only as follows:

- (a) by mutual consent in writing of Chapters and Hospice East Bay;
- (b) by Hospice East Bay, if Chapters breaches in any material respect any of the representations, warranties, covenants or other agreements of Chapters contained in this Agreement, which breach has not been waived in writing or cannot be or has not been cured within thirty (30) calendar days after the giving of written notice by Hospice East Bay to Chapters specifying such breach;
- (c) by Chapters, if Hospice East Bay breaches in any material respect any of the representations, warranties, covenants or other agreements of Hospice East Bay contained in this Agreement, which breach has not been waived in writing or cannot be or has not been cured within thirty (30) calendar days after the giving of written notice by Chapters to Hospice East Bay specifying such breach;
- (d) by Chapters or Hospice East Bay, if any court or any other Governmental Entity issues an order restraining or prohibiting such Party from consummating the Transaction and such order becomes final and non-appealable;
- (e) by Hospice East Bay, if satisfaction of any of the conditions in ARTICLE 9 is or becomes impossible and Hospice East Bay has not waived such condition in writing; provided that in each case the failure to satisfy the applicable condition or conditions has occurred by reason other than (A) through the failure of Hospice East Bay to comply with its obligations under this Agreement, or (B) Chapters' failure to provide its closing deliveries on the Closing Date is as a result of Hospice East Bay not being ready, willing and able to close the Transaction on the Closing Date;
- (f) by Chapters, if satisfaction of any of the conditions in ARTICLE 8 is or becomes impossible and Chapters has not waived such condition in writing; provided that in each case the failure to satisfy the applicable condition or conditions has occurred by reason other than (A) through the failure of Chapters to comply with their obligations under this Agreement, or (B) Hospice East Bay's failure to provide its closing deliveries on the Closing Date is as a result of Chapters not being ready, willing and able to close the Transaction on the Closing Date; or
- (g) by either Chapters or Hospice East Bay, if the Closing has not occurred (other than through the failure of any Party seeking to terminate this Agreement to comply in all material respects with its obligations under this Agreement) on or before December 31, 2024, or such other date as mutually agreed in writing by the Parties.

10.2 Effect of Termination Prior to Closing.

In the event that this Agreement is terminated by either Chapters or Hospice East Bay pursuant to Section 10.1, this Agreement shall forthwith become void and have no effect, and all rights and obligations of the Parties under this Agreement shall terminate, without any liability or obligation of any Party to any other Party of any nature or kind whatsoever (whether at law or in equity or otherwise), except that the provisions of this ARTICLE 10, ARTICLE 11 and Section 12.6 shall survive such termination, and nothing contained in this Agreement shall relieve any Party hereto from liability for damages resulting from any failure to perform any of its covenants or obligations set forth in this Agreement.

ARTICLE 11 **ADDITIONAL AGREEMENTS**

11.1 Exclusivity.

During the period from the date of this Agreement to the earlier of (i) the Closing Date or (ii) the date on which discussions with respect to a potential Transaction have been terminated by either Party pursuant to Section 10.1 and any applicable cure periods have expired:

- (a) Hospice East Bay will not (i) offer for lease, sale, divestiture or other disposition its assets and operations (or any material portion thereof), or any ownership or membership interest in Hospice East Bay; (ii) solicit offers to lease, sell, divest or otherwise dispose of its assets and operations (or any material portion thereof), or any ownership or membership interest in Hospice East Bay; (iii) hold discussions with any party (other than Chapters) looking toward any such transaction, offer or solicitation such as those referenced in subsections (i) and (ii) above; (iv) enter into any agreement with any party (other than Chapters) with respect to the lease, sale, divestiture or other disposition of its assets and operations (or any material portion thereof) or with respect to any ownership or membership interest in Hospice East Bay, or with respect to any merger, consolidation or other fundamental transaction, or (v) furnish or cause to be furnished any information with respect to Hospice East Bay, its assets or operations to any party that Hospice East Bay knows or has reason to believe is in the process of considering any such acquisition, lease, sale, membership substitution, merger, consolidation or other transaction. Hospice East Bay shall immediately cease and cause to be terminated any existing discussions or negotiations with any third parties conducted heretofore with regard to any of the foregoing.
- (b) Chapters, solely with respect to any transaction involving hospice services in the Counties of Contra Costa, Alameda or Solano in the State of California, will not (A) hold discussions with any other party (other than Hospice East Bay) looking toward any transaction, offer or solicitation such as the types of transactions referenced in subsections (i) and (ii) of the preceding sentence; (B) enter into any agreement with any party (other than Hospice East Bay) with respect to the lease, sale, divestiture or other disposition of its assets and operations (or any material portion thereof) or with respect to any ownership or membership interest in any

entity, or with respect to any merger, consolidation or other fundamental transaction, or (C) furnish or cause to be furnished any information with respect to Chapters, its assets or operations to any party that Chapters knows or has reason to believe is in the process of considering any such acquisition, lease, sale, membership substitution, merger, consolidation or other transaction. Chapters shall immediately cease and cause to be terminated any existing discussions or negotiations with any third parties conducted heretofore with respect to any of the foregoing.

11.2 Confidentiality.

Each Party agrees to remain subject to and bound by the terms of that certain mutual non-disclosure agreement dated as of March 1, 2024 (the “Confidentiality Agreement”), which is incorporated by reference into this Agreement, until the Closing; provided, however, that if this Agreement is terminated pursuant to Section 10.1 herein, the Confidentiality Agreement shall survive any such termination and shall continue in full force and effect thereafter in accordance with its terms, conditions, and other provisions with the exception of any exclusive dealing covenants which shall be deemed terminated and no longer of any force or effect. Neither Party will make any public disclosure or issue any press releases pertaining to the existence or terms and conditions of this Agreement or the Transaction between the Parties without having first obtained the written consent of the other Party, except for communications with governmental or regulatory agencies as may be legally required, necessary or appropriate solely with respect to the Transaction, and which are not inconsistent with the prompt consummation of a Transaction as contemplated by this Agreement. Neither Party will encourage any third party to make any public comment concerning the Transaction. All public communications regarding the Transaction will be made only in accordance with a mutually agreed upon communication plan. The Parties will coordinate with one another as to any communications to their respective employees and medical staff, as applicable, relating to the Transaction prior to the communication of the same.

11.3 Enforcement of Agreement.

- (a) To the extent that a dispute develops with regard to the Agreement and does not implicate issues related to compliance with law or concerns regarding patient safety or clinical care standards, the Parties agree that prior to filing a suit in court either Party may initiate arbitration by providing notice to the other Party (an “Arbitration Notice”), which shall specify the issues to be resolved in such arbitration. Unless otherwise agreed by the Parties, the arbitration will be before a single mutually acceptable independent, impartial and conflicts-free arbitrator selected in accordance with Rule 3.2 of the AHILA Rules of Procedure for Commercial Arbitration. The arbitration hearing will be conducted in the Service Area on a date that is no more than forty-five (45) calendar days after the selection of the arbitrator.
- (b) The arbitration process shall include a pre-hearing exchange of exhibits and summary of witness testimony upon which each Party is relying, proposed rulings and remedies on each issue, and a brief in support of each Party’s proposed rules and remedies not to exceed twenty (20) pages in length. The pre-hearing exchange must be completed no later than ten (10) calendar days prior to the hearing date.

Any disputes relating to the pre-hearing exchange shall be resolved by the arbitrator. The arbitration shall be a "baseball style" arbitration by which the arbitrator shall not be required to adopt in its entirety the proposed ruling and remedy of one of the Parties on each disputed issue but may adopt one Party's proposed rulings and remedies on some issues and the other Party's proposed rulings and remedies on other issues. The arbitrator shall not have the power to commit errors of law or decline to enforce the terms of this Agreement. The arbitrator shall rule within fourteen (14) calendar days following the hearing and shall issue a written opinion sufficient to clearly inform the Parties of the arbitrator's decision.

- (c) The arbitrator shall be paid a reasonable fee plus expenses. Such fee and expenses, along with the AHILA's fees and the reasonable legal fees and the expenses of the prevailing Party (including all expert witness fees and expenses), the fees and expenses of a court reporter, and any expenses for a hearing room, shall be paid as follows: (i) if the arbitrator rules in favor of one Party on all disputed issues in the arbitration, the losing Party shall pay one hundred percent (100%) of all such fees and expenses; (ii) if the arbitrator rules in favor of one Party on some issues and the other Party on the other issues, the arbitrator shall issue with the rulings a written determination as to how such fees and expenses shall be allocated between the Parties. The arbitrator shall allocate fees and expenses in a way that bears a reasonable relationship to the outcome of the arbitration, with the Party prevailing on more issues, or on issues of greater value or gravity, recovering a relatively larger share of its legal fees and expenses.
- (d) The Parties agree that the Hospice East Bay board (excluding board members who are also Chapters officers or employees) may by majority vote authorize and direct Hospice East Bay to initiate arbitration proceedings in accordance with this Section 11.3.

11.4 Injunctive Relief.

- (a) Chapters agrees that Hospice East Bay would be damaged irreparably in the event that Chapters breaches any of the provisions of this Agreement or fails to perform such provisions in accordance with their specific terms. Accordingly, Chapters agrees that Hospice East Bay shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof, or in any arbitration, having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.
- (b) Hospice East Bay agrees that Chapters would be damaged irreparably in the event that Hospice East Bay breaches any of the provisions of this Agreement or fails to perform such provisions in accordance with their specific terms. Accordingly, Hospice East Bay agrees that Chapters shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action

instituted in any court of the United States or any state thereof, or in any arbitration, having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

ARTICLE 12
GENERAL

12.1 Notice.

Any notice, demand or communication required, permitted, or desired to be given under this Agreement (“Notice”) shall be deemed effectively given (a) when personally delivered (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, must be sent to the respective Parties at the following addresses (or at such other address as shall be specified in a Notice given in accordance with this Section 12.1):

If to Chapters:	Chapters Health System, Inc. 12470 Telecom Drive, Suite 300 West Temple Terrace, FL 33637 Attention: Andrew K. Molosky, President & CEO Email: moloskya@chaptershealth.org
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with copy to (which shall not constitute notice):	Buchanan Ingersoll & Rooney PC 401 E. Jackson Street, Suite 2400 Tampa, FL 33602 Attention: Dale S. Webber, Esquire Email: dale.webber@bipc.com
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If to Hospice East Bay:	East Bay Integrated Care, Inc. d/b/a Hospice East Bay 3470 Buskirk Avenue Pleasant Hill, CA 94523 Attention: Bill Musick, Interim President & CEO
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with a copy to: (which shall not constitute notice):	Hooper, Lundy & Bookman, P.C. 1875 Century Park East, Suite 1600 Los Angeles, CA 90067 Attention: Robert F. Miller, Esquire Email: rmiller@hooperlundy.com
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12.2 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the Parties hereto. One or more of such counterparts may be delivered via facsimile, email or other electronic format, and the Parties intend that they shall have the same legal force and effect as an original counterpart hereof.

12.3 Choice of Law; Waiver of Trial by Jury; Venue; Limitation on Damages.

- (a) The Parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to any choice or conflicts of law provision or rule thereof (whether of the State of California or any other jurisdiction). Any legal proceeding, action or suit arising out of or related to the Transaction may be instituted in the federal courts of the United States of America located in the Northern District of California or the courts of the State of California located in the County of Contra Costa, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such proceeding, action or suit.
- (b) EACH PARTY ABSOLUTELY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION.
- (c) NOTWITHSTANDING ANYTHING TO THE CONTRARY ELSEWHERE IN THIS AGREEMENT, NO PARTY TO THIS AGREEMENT (OR ANY OF ITS AFFILIATES) SHALL, IN ANY EVENT, BE LIABLE TO THE OTHER PARTIES (OR ANY OF THEIR AFFILIATES) FOR SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY, INCIDENTAL OR INDIRECT DAMAGES, COSTS, EXPENSES, CHARGES OR CLAIMS.

12.4 Benefit; Assignment.

Subject to any specific provisions of this Agreement to the contrary, this Agreement is not assignable by any Party hereto without the prior written consent of the other Party.

12.5 Reproduction of Documents.

This Agreement and all documents relating hereto, including (a) consents, waivers and modifications which may hereafter be executed, (b) the documents delivered at the Closing, and (c) certificates and other information previously or hereafter furnished by one Party to the others, may, subject to the provisions of Section 11.2 hereof, be reproduced by any photographic, photostatic, microfilm, photographic or other similar process. Hospice East Bay and Chapters agree and stipulate that any such reproduction shall be admissible in evidence as the original itself

in any judicial, arbitral or administrative Proceeding (whether or not the original is in existence) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

12.6 Costs of Transaction.

Except as otherwise provided herein, the Parties agree as follows:

- (a) whether or not the Transaction shall be consummated, Hospice East Bay will pay the fees, expenses and disbursements of Hospice East Bay and its agents, representatives, accountants, and counsel incurred in connection with the Transaction or this Agreement; and
- (b) whether or not the Transaction shall be consummated, Chapters will pay the fees, expenses and disbursements of Chapters and its agents, representatives, accountants, and counsel incurred in connection with the Transaction or this Agreement.

12.7 Waiver of Breach.

No waiver by any Party of any provision of this Agreement or any breach or violation of any provision of this Agreement, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver. The waiver by any Party of any breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or other provision hereof.

12.8 Severability.

In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, unless doing so would result in an interpretation of this Agreement that is manifestly unjust.

12.9 No Inferences.

Inasmuch as this Agreement is the result of negotiations between sophisticated Parties of equal bargaining power represented by counsel, no inference in favor of, or against, either Party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such Party.

12.10 Sections and Headings.

The division of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

12.11 No Third-Party Beneficiaries.

The terms and provisions of this Agreement are intended solely for the benefit of Chapters and Hospice East Bay and their respective permitted successors or assigns, and it is not the intention of the Parties to confer, and this Agreement shall not confer, third-party beneficiary rights upon any other Person.

12.12 Entire Agreement; Amendment.

Except for the Confidentiality Agreement, this Agreement (together with the Schedules and Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous statements, communications, disclosures, failures to disclose, agreements, understandings, representations, warranties, promises, or covenants, whether oral, written, or otherwise, between or among the Parties with respect to such subject matter hereof other than those expressly set forth in this Agreement and the Confidentiality Agreement, as applicable. No modification or amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties.

12.13 Schedules and Exhibits.

Schedules and Exhibits referred to in this Agreement shall be attached hereto and incorporated herein by reference. Notwithstanding any other provision hereof, should any Schedule or Exhibit not be completed and attached hereto as of the date hereof, Chapters and Hospice East Bay shall promptly and in good faith prepare and finalize such Schedule and Exhibit as soon as reasonably practical, but no later than ten (10) calendar days prior to the Closing. The Parties shall also have the right to modify their respective Schedules and Exhibits after being submitted to the reviewing Party, provided that any such update shall be provided to the reviewing Party at least ten (10) calendar days prior to the Closing. In the event that any Schedule or Exhibit, or updated Schedule or Exhibit materially changes the terms of the Transaction, the reviewing Party may terminate this Agreement by giving written notice thereof to the other Party within five (5) calendar days after such reviewing Party has received any such Schedule or Exhibit. If such reviewing Party does not terminate this Agreement in accordance with the provisions of this Section 12.13 after such reviewing Party has received any such Schedule or Exhibit, such reviewing Party shall have been deemed to have accepted such Schedule or Exhibit, and any representation or warranty to which it relates shall be deemed qualified and amended to include the matters contained in such Schedule or Exhibit, and to have cured any misrepresentation or breach thereof that otherwise might have existed or occurred hereunder or thereunder or in respect thereof. All Schedules and Exhibits and updated Schedules and Exhibits to be provided pursuant to this Section 12.13 shall be submitted to the reviewing Party in accordance with the notice provisions set forth in Section 12.1 of this Agreement. Nothing in this Section 12.13 is intended as a waiver of either Party's conditions precedent to Closing under ARTICLE 8 or ARTICLE 9, respectively.

12.14 Further Assurances.

On and after the Closing Date, Chapters and Hospice East Bay will take all appropriate action and execute all documents, instruments or conveyances of any kind which may be reasonably necessary or advisable to carry out the terms and conditions of this Agreement.

12.15 Waiver of Certain Damages.

In no event shall any Party be entitled to recover or make a claim under this Agreement for any amounts in respect of, and in no event shall any damages, liabilities, costs, expenses, losses, or other adverse consequences be deemed to include, (a) punitive damages (unless payable to a third party), (b) consequential, incidental, special, or indirect damages, or (c) lost profits, loss of future revenue or income, or any diminution of value or similar damages based on "multiple of profits" or "multiple of cash flow" or other valuation methodology, whether or not such damages were reasonably foreseeable or the Parties contemplated that such damages would be a probable result of a breach of this Agreement.

12.16 Survival.

None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. No Party shall have any liability (whether in contract or in tort or otherwise) from and after the Effective Time arising out of or relating to any representation or warranty of such Party contained herein or in any instrument delivered pursuant hereto; and, from and after the Effective Time, each Party hereby waives, to the fullest extent permitted by Law, any and all claims, rights or remedies such Party may have (whether at law or in equity or otherwise) against another Party arising out of or relating to any breach or misrepresentation by such other Party of any its representations or warranties in this Agreement or in any instrument delivered pursuant to this Agreement. This Section 12.16 shall not limit any covenant or agreement of the Parties which by its terms contemplates performance after the Effective Time.

[Remainder of Page Intentionally Left Blank]

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their authorized officers, all as of the date and year first above written.

CHAPTERS:

**CHAPTERS HEALTH SYSTEM, INC., a
Florida not for profit corporation**

DocuSigned by:
By: 
302F93DDE0A2...

Name:
Andrew K. Molosky

Title:
President and CEO

HOSPICE EAST BAY:

**EAST BAY INTEGRATED CARE, INC.
d/b/a HOSPICE EAST BAY, a California
nonprofit public benefit corporation**

DocuSigned by:

ABA1E4EA46C948E...

Name:
Bill Musick

Title:
Interim CEO

EXHIBIT 2

AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (the “Agreement”) is made and entered into to be effective as of October 28, 2024, by and among Chapters Health System, Inc., a Florida not for profit corporation (“Chapters”) and Hospice Santa Cruz County, a California nonprofit public benefit corporation (“HSCC”). Chapters and HSCC are collectively referred to herein as the “Parties” and each is referred to as a “Party”).

RECITALS

A. WHEREAS, HSCC owns and operates a not for profit hospice licensed to operate in the Counties of Santa Cruz and Monterey, State of California; and

B. WHEREAS, Chapters owns and operates not for profit hospices through its Affiliates in several states throughout the United States;

C. WHEREAS, Chapters and HSCC have reviewed each other’s mission statements and believe that there is fundamental alignment and compatibility in such statements; and

D. WHEREAS, the Parties believe that an affiliation between Chapters and HSCC (the “Transaction”) will allow them to accomplish a number of mutual goals, including the following:

- (a) Preservation and growth of the comprehensive, community-based, not for profit hospice care;
- (b) Promotion of best practices in the provision of hospice, home health and other healthcare services;
- (c) Development and implementation of enhanced quality care systems and oversight;
- (d) Efficient management of key areas of operation;
- (e) Cost effective management of key administrative functions;
- (f) Cost effective and efficient purchasing and distribution of supplies and pharmaceuticals;
- (g) Effective public policy development;
- (h) Increased opportunities for research, analysis and planning for health care innovation;
- (i) Minimize disruption to patients and employees; and
- (j) Enhanced understanding, preparedness and leadership in future health care delivery reform.

NOW, THEREFORE, for and in consideration of the premises, the agreements, covenants, representations and warranties herein set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE 1
DEFINITIONS; INCORPORATION OF RECITALS

1.1 Definitions.

In addition to the terms defined elsewhere in this Agreement, the terms defined below as used in this Agreement (including the above-referenced recitals) shall have the following meanings:

“Affiliate” means, as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with, the Person in question and any successors or assigns of such Person.

“Agreement” means this Agreement as may be amended or supplemented together with all Exhibits and Schedules attached or delivered with respect hereto or expressly incorporated herein by reference.

“AHLA” shall have the meaning set forth in Section 11.3.

“Approval” means any approval, authorization, consent, notice, qualification or registration, or any extension, modification, amendment or waiver of any of the foregoing, of or from, or any notice, statement, filing or other communication to be filed with or delivered to, any Governmental Authority.

“Arbitration Notice” has the meaning set forth in Section 11.3.

“Benefit Program and Agreement” is defined in Section 4.20(a)(ii).

“Business” means the ownership and operation of the HSCC Assets, and all assets and operations ancillary to or associated with any of the foregoing, as currently conducted as of the date hereof and as of the Effective Time.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

“Chapters” is defined in the preamble in this Agreement.

“Chapters Historical Financial Information” is defined in Section 5.4(a) of this Agreement.

“Chapters West” refers to a group of not for profit hospices, including HSCC, operating in the western United States that are independently negotiating to affiliate with Chapters.

“Closing” is defined in Section 3.1.

“Closing Date” is defined in Section 3.1.

“CMS” means the Centers for Medicare and Medicaid Services.

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, the Public Health Service Act, codified as 42 USC §§ 300bb-1 through 300bb-8, and any similar state or federal continuation of coverage laws.

“Code” means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations.

“Confidentiality Agreement” is defined in Section 11.2.

“Contract” means any legally binding oral or written commitment, contract, lease (including Tenant Leases and Third Party Leases), sublease, license, sublicense or other agreement of any kind relating to the Business, the HSCC Assets or the operation thereof to which HSCC is a party or by which any of the HSCC Assets is bound.

“EEOC” means the Equal Employment Opportunity Commission.

“Effective Time” is defined in Section 3.1.

“Encumbrance” means any claim, charge, easement, encumbrance, encroachment, security interest, mortgage, lien or pledge, whether imposed by Contract, Law, equity or otherwise.

“Environmental Condition” means any event, circumstance or condition related in any manner whatsoever to: (a) the current or past presence or spill, emission, discharge, disposal, pumping, leakage, migration, abandonment, release or threatened release of any Hazardous Materials, into the environment; (b) the on-site treatment, storage, disposal or other handling of any Hazardous Material originating on or from the Real Property; (c) the placement of structures or materials into waters of the United States; (d) the presence of any Hazardous Materials in any building, structure or workplace or on any portion of the Real Property; or (e) any violation of Environmental Laws at or on any part of the Real Property or arising from the activities of a Party or any other Person involving Hazardous Materials.

“Environmental Laws” means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment; (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials; or (c) relating to the use, handling, storage, treatment, and disposal of medical, radiological and biological wastes. The term **“Environmental Law”** includes, without limitation, the following (including their implementing regulations and any state analogs): CERCLA; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.;

the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; and the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq., the Hazardous Material Transportation Act, 49 U.S.C. §§ 1801-1813, the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq. and all state and local environmental laws and regulations.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Executive Employees” with respect to any Party shall mean each of the persons then serving as the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, Chief Medical Officer, Chief Human Resources Officer and Chief Compliance Officer, or in a similar capacity by whatever title.

“Exhibits” means the exhibits to this Agreement.

“Facilities” means any healthcare facility, healthcare operations or medical or other clinical practice owned, operated, managed or leased by HSCC.

“FTC” means the Federal Trade Commission.

“FTC Red Flags Rule” shall mean the regulations set forth in 16 C.F.R. Part 681.

“GAAP” means United States generally accepted accounting principles and practices as in effect from time to time.

“Government Programs” means Medicare, Medicaid, and CHAMPUS/TRICARE.

“Governmental Authority” means any government or any agency, bureau, board, directorate, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

“Governing Documents” means the documents by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs, including, without limitation, articles of incorporation, bylaws, articles of organization, regulations, limited liability company agreements, operating agreements, partnership agreements, certificates of limited partnership, or similar documents, instruments, or agreements relating to the legal existence or governance of the internal affairs of such Person.

“Hazardous Materials” means (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case whether naturally occurring or man-made, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, per- and polyfluoroalkyl substances, medical waste, mold and

polychlorinated biphenyls; and (c) any chemical, material or substance which is prohibited, limited or regulated under any Environmental Law.

“Healthcare Laws” means Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended (the Stark Law), 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 8701-8707; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a; the Exclusion Laws, 42 U.S.C. § 1320a-7; HIPAA; the HITECH Act, all Legal Requirements relating to the provision of, or billing or payment for health care items or services, or relating to health care information; and all implementing regulations, rules, ordinances, judgments and order applicable to any Party, as the context of the Agreement may require; and any similar state and local statutes, regulations, rules, ordinances, judgments and orders applicable to any Party as the context of the Agreement may require; and all federal, state and local licensing, certificate of need, regulatory and reimbursement, corporate practice of medicine and fee splitting regulations, rules, ordinances, orders and judgments applicable to any Party, as the context of the Agreement may require, all of the foregoing as enacted or in effect as of the Closing Date.

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996 (Pub. Law 104-191), as amended from time to time, and the regulations promulgated thereunder.

“HITECH” means the Health Information Technology for Economic Clinical Health Act, Division A, Title XIII § 1301 et seq. of the American Recovery and Reinvestment Act of 2009, as amended from time to time.

“HSCC” is defined in the preamble to this Agreement.

“HSCC Assets” means all assets of every description, whether real, personal or mixed, tangible or intangible, owned by HSCC whether used in the operation of the Business or otherwise.

“HSCC ERISA Affiliate” is defined in Section 4.20(c).

“HSCC Historical Financial Information” is defined in Section 4.7(a).

“HSCC Intellectual Property” means all Intellectual Property to the extent owned, licensed or used by HSCC.

“HSCC Taxable Debt” shall refer to outstanding financing debt issued for the benefit of or incurred by HSCC or for which HSCC is liable to pay that is not tax-exempt debt as identified on Schedule 4.26.

“HSCC Taxable Debt Documents” is defined in Section 4.26(a).

“HSCC Tax-Exempt Bond Documents” defined in Section 4.25(a).

“HSCC Tax-Exempt Bonds” shall refer to outstanding tax-exempt bonds for the benefit of or incurred by HSCC or for which HSCC is liable to pay as identified on Schedule 4.25.

“Immigration Act” means the Immigration Reform and Control Act of 1986, as amended, and the regulations promulgated thereunder.

“Information Privacy or Security Laws” means HIPAA and any other governing Law concerning the privacy or security of Personal Information, including state data breach notification laws, state health information privacy laws, the FTC Act, the FTC Red Flags Rule and state consumer protection laws.

“Intellectual Property” means, to the extent owned, licensed or used by HSCC in the Business and/or the HSCC Assets, all intellectual property or rights thereto, including patents, trademarks, trade names, service marks, symbols, copyrights and any applications therefor, mask works, net lists, schematics, technology, know-how, trade secrets, ideas, algorithms, processes, internet domain names, computer software programs and applications (in both source code and object code form), and tangible or intangible proprietary information or material and all choses in action arising from or related to the foregoing; provided, however, the term Intellectual Property does not include any open source software, shrink wrap software, or generally available commercial, licensable products.

“Inventory” means all usable inventory and supplies held or used in the Business.

“Justice Department” means the United States Department of Justice.

“Knowledge” when used in the context of knowledge of Chapters means the actual knowledge of any Executive Employee of Chapters within the scope of his or her responsibility. **“Knowledge”** when used in the context of knowledge of HSCC means the actual knowledge of any Executive Employee of HSCC within the scope of his or her responsibility.

“Law” means any constitutional provision, statute, law, rule, regulation, code, ordinance, resolution, Order, ruling, promulgation, published policy or guideline, or treaty directive, adopted or issued by any Governmental Authority.

“Leased Real Property” means all real property leased, subleased or licensed to, or for which a right to use or occupy has been granted to, HSCC.

“Material Adverse Effect” means any event, occurrence, fact, condition or change that is materially adverse to: (a) the business, results of operations, financial condition, prospects, or assets of a Party, taken as a whole (including its Affiliates); or (b) the ability of a Party to consummate the Transaction; provided, however, that it does not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (A) general economic or political conditions; (B) conditions generally affecting the hospice or related industries; (C) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (D) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (E) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of

the other Party; (F) any matter of which the other Party is aware as of the execution of this Agreement; (G) any changes in applicable laws, regulations or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (H) the announcement, pendency or completion of the Transaction, including losses or threatened losses of employees, patients, suppliers, distributors or others having relationships with the Party; (I) any natural or man-made disaster or acts of God; (J) any epidemics, pandemics, disease outbreaks, or other public health emergencies; or (K) any failure by the Party to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded).

“Material Contracts” is defined in Section 4.16.

“Material Licenses” is defined in Section 4.8.

“Mediation Notice” has the meaning set forth in Section 11.3.

“Mediation Period” has the meaning set forth in Section 11.3.

“Most Recent Financial Statements” is defined in Section 4.7(a)(ii).

“Most Recent Fiscal Month End” is defined in Section 4.7(a)(ii).

“Notice” is defined in Section 12.1.

“OIG” means the United States Department of Health and Human Services Office of Inspector General.

“OFAC” is defined in Section 4.18(g).

“Order” means any judgment, order, writ, injunction, decree, determination, or award of any Governmental Authority.

“Ordinary Course of Business” means an action taken, or omitted to be taken, by any Person in the ordinary course of such Person’s business; provided, that any action taken, or omitted to be taken, that relates to, or arises out of, any pandemic, epidemic, or disease outbreak shall be deemed to be in the Ordinary Course of Business.

“OSHA” means the Occupational Safety and Health Act, 29 U.S.C. § 600, et seq., and the regulations promulgated thereunder.

“Overpayments” means any amount (a) due to a Government Program based on a final adjustment or (b) received from a Government Program in excess of the amount approximately billed.

“Owned Real Property” means all real property owned by HSCC, together with the interest of HSCC as landlord in all leases and subleases therein, improvements, buildings or fixtures located thereon or therein, all easements, rights of way, and other appurtenances thereto (including appurtenant rights in and to public streets), all architectural plans or design

specifications relating to the development thereof, and all claims and recorded or unrecorded interests therein, including any and all options to acquire real property.

“Party” and **“Parties”** are defined in the preamble to this Agreement.

“PBGC” is defined in Section 4.20(d)(v).

“Permit” means any license, permit, or certificate, required to be issued or granted by any Governmental Authority.

“Permitted Encumbrances” means (a) zoning and building laws, ordinances, resolutions and regulations, (b) liens for Taxes not due and payable on or before the Effective Time, or being contested in good faith by appropriate proceedings, (c) such other title and survey matters acceptable to Chapters that are shown on any title policy commitments obtained by Chapters, (d) liens that individually or in the aggregate do not materially detract from the value of, or impair in any material manner the use of the Real Property or other HSCC Assets and (e) Permitted Liens.

“Permitted Liens” means those liens described on the attached Schedule 1.1 which includes all (a) existing lines of credit disclosed to Chapters; (b) those liens identified in HSCC Historical Financial Information; and (c) other liens as HSCC may have incurred or incur in the Ordinary Course of Business and otherwise consistent with Sections 6.2 and 6.3 of this Agreement, if applicable (all of which shall qualify as Permitted Liens).

“Person” means an individual, association, corporation, limited liability company, partnership, limited liability partnership, trust, Governmental Authority or any other entity or organization.

“Personal Information” means any information that can reasonably be used to identify an individual, including “individually identifiable health information” as defined in 45 C.F.R. 160.103, demographic information, and social security numbers.

“Personal Property” means all tangible and intangible personal property owned, leased or used or held for use in connection with the Business, including all equipment, furniture, fixtures, machinery, vehicles, office furnishings, instruments, leasehold improvements, spare parts, and all rights in all warranties of any manufacturer or vendor with respect thereto.

“Plan” is defined in Section 4.20(a)(i).

“Proceeding” means any claim, action, arbitration, audit, hearing, investigation, litigation suit or other similar proceeding by or before a Governmental Authority.

“Program Agreements” is defined in Section 4.10(a).

“Proposed Change Notification” is defined in Section 6.3.

“Real Property” means the Owned Real Property and the Leased Real Property.

“Schedules” means, with respect to a specified Party, the disclosure schedules to this Agreement which have been delivered by such Party as the same may be modified, amended or supplemented in accordance with the applicable provisions of this Agreement.

“Service Area” means the Counties of Santa Cruz and Monterey, in the State of California and any additional Counties within the State of California in which HSCC may be authorized in the future by the California Department of Public Health or any successor state licensing authority to provide hospice, palliative care, grief support, and charity care services.

“Shared Services” is defined in Section 2.4(b).

“Stark Law” is defined in Section 4.12(b).

“Support Center Services” is defined in Section 2.4(a).

“Taxes” means (a) any and all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, hospital, provider, unclaimed property, transfer, franchise, profits, license, lease, rent, service, service use, withholding, payroll, employment, excise, severance, privilege, stamp, occupation, premium, property, windfall profits, alternative minimum, estimated, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (b) any liability for payment of amounts described in clause (a) as a result of transferee liability or otherwise through operation of law, and (c) any liability for the payment of amounts described in clauses (a) or (b) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

“Tax Returns” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Tenant Lease” means any lease, sublease, license or other contractual obligation pursuant to which HSCC, as tenant or subtenant, currently leases, subleases, licenses or otherwise occupies all or some portion of the Leased Real Property.

“Third Party Lease” means any lease, sublease, license or other contractual obligation pursuant to which HSCC, as landlord or sublandlord, currently leases, subleases, licenses or otherwise grants to a third party a right to use all or some portion of the Real Property.

“Title IV Plan” is defined in Section 4.20(d)(v).

“Transaction” means, collectively, the transactions referenced in the recitals to this Agreement as further described by the provisions of this Agreement, including in Article 2 hereof.

“Transaction Documents” means this Agreement and all documents to be delivered by the Parties in connection with the Closing.

“Transfer Taxes” means any real property, excise, sales, use, documentary, transfer, value added, stock transfer, and stamp Taxes, any transfer, recording, registration, and other fees, and

any similar Taxes imposed on the transactions (or deemed transactions) contemplated by, or related to, this Agreement.

“Treasury Regulations” means the income tax regulations promulgated under the Code.

1.2 Interpretation.

In this Agreement, unless the context otherwise requires:

- (a) references to this Agreement are references to this Agreement and the Schedules and Exhibits; each Schedule and Exhibit is hereby incorporated by reference into this Agreement and will be considered a part hereof as if fully set forth herein;
- (b) references to sections are references to sections of this Agreement;
- (c) references to any Party to this Agreement shall include references to its respective successors and permitted assigns;
- (d) the terms “hereof,” “herein,” “hereby,” and derivative or similar words will refer to this entire Agreement;
- (e) references to any document (including this Agreement) are references to that document as amended, consolidated or supplemented by the Parties from time to time;
- (f) unless the context requires otherwise, references to any Law are references to that Law as of the Closing Date, and shall also refer to all rules and regulations promulgated thereunder;
- (g) the word “including” shall be interpreted to mean including without limitation;
- (h) references to time are references to Eastern Standard or Daylight time (as in effect on the applicable day) unless otherwise specified herein;
- (i) the gender of all words herein includes the masculine, feminine and neuter, and the number of all words herein includes the singular and plural;
- (j) the terms “date hereof,” “date of this Agreement” and similar terms shall mean the date first written above; and
- (k) the phrases “Parties have delivered,” “Parties have provided,” “Parties have made available” and phrases of similar import shall mean that, prior to the date hereof, the applicable Parties have either (i) delivered to the other Parties a hard or electronic copy of the document or information in question or (ii) made such document or information available to the other Parties via an electronic data room.

1.3 Recitals.

The matters set forth in the Recitals are hereby incorporated into and made a part of this Agreement.

ARTICLE 2 **TRANSACTION STRUCTURE AND FUNDING COMMITMENTS**

2.1 Transfer of Control.

The Parties agree that the Transaction will be facilitated by the HSCC board of directors taking all such actions as may be necessary or appropriate to restructure HSCC as of the Effective Time to be a California nonprofit public benefit corporation with Chapters as HSCC's sole member (as defined in Ca. Corp. Code § 5056(a)). As described in more detail in Section 2.2 and Section 2.3 below, the structure of the Transaction and the resulting allocation of corporate governance authority relating to HSCC will be facilitated through the HSCC board of directors' approval of membership rights with Chapters holding reserved powers (described below) with respect to HSCC as will be set forth in amended and restated Articles of Incorporation and Bylaws of HSCC.

2.2 Amendment of Articles of Incorporation and Bylaws.

HSCC agrees to take such actions, as necessary, to amend its Bylaws and Articles of Incorporation effective as of the Effective Time to reflect Chapters as the sole member of HSCC and grant to Chapters certain reserved powers as will be reflected in amended and restated Articles of Incorporation and Bylaws. As of the Effective Time the Articles of Incorporation and Bylaws of HSCC shall be amended and restated to be consistent with the forms of such documents set forth and attached as Exhibit 2.2A and Exhibit 2.2B, respectively.

2.3 Governance Structure and Board Composition.

2.3.1 Chapters Board of Directors.

Consistent with its process for nominating individuals to serve on its board of directors, Chapters will periodically communicate with representatives of HSCC and the other hospices that become part of Chapters West to identify candidates for the Chapters board of directors whose qualifications are consistent with Chapters' strategic plans. A key focus in nominating individuals to serve on the Chapters board will be the skills and abilities required to govern Chapters on a health system-wide, business enterprise level. Provided that the Transaction has been completed by April 1, 2025, HSCC will coordinate with the other Chapters West hospices whose affiliation transactions have closed by such date to collectively nominate one individual to serve on the Chapters board. The nomination will be submitted to Chapters as part of its April 2025 board nomination process and, provided that the nominee satisfies Chapters' criteria for board membership, Chapters management will work with the Chapters board to seek such nominee's approval to serve.

2.3.2 HSCC Board of Directors.

The initial post-Closing board of directors of HSCC will consist of those individuals serving on such board immediately prior to the Closing and the following ex-officio voting members: (a) Chapters' President/Chief Executive Officer, Chief Administrative Officer, and Chief Financial Officer, respectively, and (b) non-voting, ex-officio individuals who shall include the following officers of Chapters: Chief Operating Officer, Chief Business Development Officer, Chief Medical Officer, Chief People Officer, Chief Information Officer, Chief Compliance Officer, and Vice President-Foundation. The HSCC board of directors will serve in accordance with the Bylaws of HSCC attached as Exhibit 2.2B and shall continue to exercise authority to oversee and direct the corporate activities and affairs of HSCC, subject to the reserved powers of Chapters.

2.4 Purpose of Affiliation.

The Parties acknowledge and agree that the primary purpose of this Agreement is to ensure the long-term continuation of the HSCC nonprofit hospice model of comprehensive, community-based hospice care in the Service Area. The Parties believe that preserving the viability of such non-profit model will improve health care equity, increase access to care, and improve quality of care within the Service Area, including care to uninsured patient populations.

2.5 Operational Enhancements.

After the Closing, Chapters' support center services and shared services will be made available for the benefit of HSCC, in accordance with the following:

- (a) Support Center Services. As soon as reasonably practicable after the Closing, Chapters will provide the services available through the Chapters support center office, both as currently offered and as may be offered in the future, for the benefit of HSCC. Costs associated with the provision of such services will be allocated through a corporate services allocation methodology that is consistent with the methodology utilized from time to time throughout the health system governed by Chapters as will be set forth in management agreements to be entered into between Chapters and HSCC. Certain management agreements (including any Shared Services agreements) to be entered between HSCC and Chapters or its Affiliate shall be approved in accordance with the HSCC Bylaws attached as Exhibit 2.2B, as amended from time to time. The functions and/or departmental services provided through the Chapters support center office at the time of Closing will primarily consist of the following: financial and accounting; information and telecommunications; regulatory and corporate compliance; human resources; marketing, communications and public affairs; legal; facilities management; development and fundraising; chief medical officer support; and executive management and consulting ("Support Center Services").
- (b) Shared Services. After the Effective Time and subject to the approval of a majority of the Elected Directors in accordance with the HSCC Bylaws, HSCC will participate in Chapters' shared services ("Shared Services") programs consistent

with the manner in which other of Chapters' affiliated hospices participate in such programs.

2.6 Preservation of HSCC's Legacy.

Chapters recognizes the significant contributions that HSCC has made to its local community and intends to work together with HSCC following the Effective Time to ensure that HSCC's legacy within its Service Area is preserved, including without limitation, by continuing to use "Hospice of Santa Cruz County" as the primary brand for hospice services in the Service Area; provided, however, that HSCC may also be publicly referred to after the Effective Time as an Affiliate of Chapters. After the Closing, changes in the name of HSCC will be subject to approval by the HSCC board of directors.

2.7 Proposed Chapters West Region.

- (a) The Parties acknowledge that Chapters is independently negotiating with each of the hospices set forth on Schedule 2.7 proposed to form the Chapters West region by Chapters becoming the sole member of each such hospice ("Chapters West hospice(s)"). Subject to completing such affiliation transactions, Chapters anticipates that the Chapters West hospices, including HSCC, will be functionally structured as a region within Chapters with concomitant regional functions and services, as appropriate, and related regional job titles. The design of and business plan for Chapters West will be determined by Chapters with substantial input from and collaboration with leadership of the Chapters West hospices and an initial written plan for Chapters West will be approved by Chapters and the Chapters West hospices prior to the Closing. Prior to or concurrent with the Closing, HSCC shall have received confirmation from Chapters that (i) at least one affiliation transaction shall have closed pursuant to which a not for profit hospice organization other than HSCC shall have become an Affiliate of Chapters and participant in Chapters West, and (ii) at least one other not for profit hospice organization in addition to HSCC shall have entered into a binding affiliation agreement to affiliate with Chapters and participate in Chapters West. The closings between Chapters and such other hospice organizations shall be collectively referred to herein as the "Western Region Closings."
- (b) In connection with the Parties' due diligence, Chapters will provide HSCC with information on Chapters' plans to affiliate with other hospice organizations as part of the formation of Chapters West.

ARTICLE 3 **CLOSING**

3.1 Closing.

Subject to the satisfaction or waiver by the appropriate Party of all the conditions precedent to the Closing specified in Article 8 and Article 9 hereof, the consummation of the Transaction (the "Closing") shall occur and be effective at such date and time as the Parties hereto may

mutually designate in writing (the “Closing Date” and the “Effective Time,” respectively). The Parties will endeavor to have the Closing Date occur at the end of a month for ease of transition and the Effective Time be at 12:01 a.m. prevailing Pacific Time.

3.2 Actions of HSCC at the Closing.

At or before the Closing, unless otherwise waived in writing by Chapters, HSCC shall deliver or cause to be delivered to Chapters (or such other Party as may be indicated below) the following, duly executed by HSCC, or take the other actions noted, as applicable:

- (a) Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of HSCC consistent with the forms attached as Exhibit 2.2A and Exhibit 2.2B;
- (b) Copies of resolutions duly adopted by the board of directors of HSCC authorizing and approving HSCC’s performance of the Transaction and the execution and delivery of this Agreement and the documents described herein, as applicable, certified as true and in full force and effect as of the Closing Date, by the appropriate officers of HSCC;
- (c) A certificate signed by an authorized officer of HSCC, certifying that the conditions set forth in Section 8.1 and Section 8.2 have been satisfied;
- (d) A certificate of incumbency for the respective officers of HSCC executing this Agreement or any other document contemplated herein dated as of the Closing Date;
- (e) A certificate of status for HSCC evidencing the active status of HSCC and certified by the California Department of State as of the most recent practicable date prior to the Closing Date;
- (f) Consents and waivers from third parties in form and substance reasonably satisfactory to Chapters from those parties from whom, in the reasonable opinion of Chapters such consents and waivers are required in order to give effect to the Transaction and to assure that the Hospice Residence and Excess Funds, both as defined in Section 7.2 of this Agreement, and Contract rights as of the Closing remain with HSCC after the Closing;
- (g) The non-blocked person affidavit of HSCC as described in Section 4.18(g);
- (h) A roster of those individuals elected by HSCC to serve on the initial, post-Closing HSCC boards of directors, together with certified resolutions of the pre-Closing HSCC board of directors, approving such individuals to so serve, effective as of the Effective Time; and
- (i) Such other instruments and documents as Chapters deems reasonably necessary to complete the Transaction including evidence that all required approvals necessary for HSCC to be a party to this Agreement as of the Closing and participate in the

Transaction have been obtained; provided, that such other instruments or documents shall be consistent with the Parties' existing agreements and covenants hereunder and shall not materially alter such agreements and covenants.

3.3 Actions of Chapters at the Closing.

At or before the Closing and unless otherwise waived in writing by HSCC, Chapters, as noted below, shall deliver or cause to be delivered to HSCC the following, duly executed by Chapters, or take the other actions noted, as applicable:

- (a) Copies of resolutions duly adopted by the board of directors of Chapters authorizing and approving Chapters' performance of the Transaction and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force and effect as of the Closing Date by appropriate officers of Chapters;
- (b) A certificate signed by an authorized officer of Chapters certifying that the conditions set forth in Section 9.1 and Section 9.2 have been satisfied;
- (c) A certificate of incumbency for the respective officers of Chapters executing this Agreement or any other document contemplated herein dated as the Closing Date;
- (d) A certificate of active status of Chapters evidencing the active status of Chapters and certified by the Florida Department of State dated the most practicable date prior to the Closing Date;
- (e) Consents and waivers from third parties in form and substance reasonably satisfactory to HSCC from those parties from whom, in the reasonable opinion of HSCC such consents and waivers are required in order to give effect to the Transaction and to assure that the Hospice Residence and Excess Funds, both as defined in Section 7.2 of this Agreement, and Contract rights as of the Closing remain with HSCC after the Closing;
- (f) A roster of those Chapters representatives and other individuals designated by Chapters who will serve on the board of directors of HSCC, effective as of the Effective Time; and
- (g) Such other instruments and documents as HSCC deems reasonably necessary to complete the Transaction, including evidence that all required approvals necessary for Chapters to be a party to this Agreement as of the Closing and participate in the Transaction have been obtained; provided, that such other instruments or documents shall be consistent with the Parties' existing agreements and covenants hereunder and shall not materially alter such agreements and covenants.

3.4 Additional Acts.

From time to time after the Closing, each Party shall execute and deliver such other instruments, and take such other actions as the other Party may reasonably request, to evidence the Transaction.

ARTICLE 4 **REPRESENTATIONS AND WARRANTIES OF HSCC**

As of the date hereof and as of the Closing Date (except to the extent any of the following refers to a specific date and subject to Section 12.13 of this Agreement), HSCC represents and warrants to Chapters as follows:

4.1 Organization; Capacity.

HSCC is a corporation duly organized, validly existing and with an active status under the laws of the State of California. The sole member of HSCC as of the date of this Agreement is California Hospice Network, a California not for profit corporation, provided that between the date of this Agreement and the Closing HSCC will take all such commercially reasonable actions as may be necessary or appropriate to assure that HSCC will have no members (as described in Cal. Corp. Code §5056(a) on the Closing Date. All powers and activities of HSCC are governed and exercised under the authority of the HSCC board of directors. HSCC is qualified to do business under all applicable Laws of any Governmental Authority having jurisdiction over the Business and to own its properties and conduct its business in the place and manner now conducted. HSCC has the requisite power and authority to enter into this Agreement and the other Transaction Documents to which HSCC is (or at the Closing, will become) a party and to perform its obligations hereunder and thereunder. The execution and delivery by HSCC of this Agreement and documents described herein to which it is (or at the Closing, will become) a party, the performance by HSCC of its obligations hereunder and thereunder and the consummation by HSCC of the Transaction have been, or will be prior to the Closing, duly and validly authorized and approved by all necessary corporate actions on the part of HSCC.

4.2 Authority; Noncontravention.

The execution, delivery and performance of the Agreement and each other Transaction Document by HSCC thereto and the consummation by HSCC of the Transaction, as applicable:

- (a) are within the power of HSCC and are not in contravention or violation of the terms of the articles of incorporation or bylaws of HSCC and have been, or will be prior to the Closing, approved by all requisite corporate action;
- (b) except as set forth on Schedule 4.2(b), do not require that HSCC seek or obtain any Approval of, filing or registration with, the issuance of any Permit by, or give any notice to any Governmental Authority;
- (c) assuming the Approvals and Permits set forth on Schedule 4.2(b) are obtained, to the Knowledge of HSCC, will not conflict in any material respect with, or result in

any violation of or default under (with or without notice or lapse of time or both), or give rise to a right of termination, cancellation, acceleration or augmentation of any obligation or to loss of a material benefit under, or result in the creation of any material Encumbrance (other than Permitted Encumbrances) upon any of the HSCC Assets under (i) any Contract, instrument, indenture, covenant, or understanding to which HSCC is a party, or (ii) any Order or Law applicable to any of the HSCC Assets or to which HSCC is subject; and

- (d) will neither conflict with, nor result in, a material breach or contravention of any agreement, lease, instrument, indenture, covenant, or understanding to which any HSCC is bound or is a party.

There are no outstanding powers of attorney executed by or on behalf of HSCC.

4.3 Subsidiaries; Minority Interests.

Except as set forth on Schedule 4.3, HSCC does not directly or indirectly own any equity, membership or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity, membership or similar interest in, any corporation, partnership, limited liability company, joint venture or other business association or entity other than publicly traded equities or other equity interests held solely for investment. Except as set forth in Schedule 4.3, each interest set forth on Schedule 4.3 is owned by HSCC free and clear of all Encumbrances except Permitted Encumbrances, is duly authorized, validly existing and non-assessable, and is not subject to any preemptive or subscription rights.

4.4 No Outstanding Rights.

There are no outstanding rights (including any right of first refusal), options, or Contracts giving any Person any current or future right to HSCC to sell or transfer to such Person or to any third party any interest in HSCC or any of the HSCC Assets.

4.5 Title to Assets.

- (a) Schedule 4.5(a) sets forth a materially complete and correct list of the Real Property owned, leased, licensed or operated by HSCC.
- (b) HSCC has good and marketable title to, or a valid leasehold interest in, all properties and assets, whether real, personal or mixed, or whether tangible or intangible, used by it, located on its premises, or shown on the Most Recent Balance Sheet, except for properties and assets disposed of in the Ordinary Course of Business for fair market value in arms' length transactions after the date of the Most Recent Balance Sheet.
- (c) The HSCC Assets (as well as assets leased or licensed by HSCC) consist of all of the material assets that are necessary to conduct the Business as it is currently conducted.

4.6 Binding Agreement.

This Agreement has been, and each Transaction Document to which HSCC is (or at the Closing, will become) a party has been, or upon execution thereof will be, duly executed and delivered by HSCC, and (assuming due authorization, execution, and delivery by Chapters and all other parties thereto) this Agreement and each Transaction Document to which HSCC is a party constitute legal, valid, and binding obligations of HSCC enforceable against HSCC in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

4.7 Financial Information.

- (a) Schedule 4.7(a) hereto contains the following financial statements and financial information of HSCC (collectively, the “HSCC Historical Financial Information”):
 - (i) the audited consolidated balance sheets, statements of operation, statements of changes in net assets, and statements of cash flow (including the accompanying combining schedules of balance sheet information and statement of operation information) for HSCC as of and for the 12-month periods ended June 30, 2022 and June 30, 2023; and
 - (ii) the most recent unaudited consolidated balance sheet (including the accompanying consolidating schedules of balance sheet information) and unaudited consolidating statement of operations (including the accompanying combining schedules of statement of operation information) (the “Most Recent Financial Statements”) prepared in the Ordinary Course of Business for the fiscal period ending on a date which is not more than sixty (60) calendar days prior to the date of this Agreement (the “Most Recent Fiscal Month End”).

For purposes of this Agreement, as of the Closing Date, the term “HSCC Historical Financial Information” shall include in addition to the above, all financial statements comparable to those referenced in Sections 4.7(a)(i)-(ii) that have been prepared by or on behalf of HSCC during the period from the Most Recent Fiscal Month End through the Closing Date.

- (b) The HSCC Historical Financial Information has been prepared in accordance with GAAP throughout the periods covered thereby, applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto), and present fairly the financial condition of HSCC as of such dates and the results of operations of HSCC for such periods (subject, in the case of unaudited financial statements, to normal year-end adjustments, the absence of footnotes or complete footnotes, and to any other adjustments described therein, including any notes thereto, or with respect to pro-forma financial information, subject to the qualifications stated therein).

- (c) Except as otherwise referenced on Schedule 4.7(c), HSCC has not materially changed any accounting policy or methodology during the periods presented in the HSCC Historical Financial Information (including accounting policies and methodologies for determining the obsolescence of inventory or in calculating reserves, including reserves for uncollected accounts receivable).
- (d) HSCC has no Knowledge of any material liabilities or obligations of any nature (whether accrued, absolute, fixed, contingent, liquidated, unliquidated, recorded, unrecorded, or otherwise) that would be required by GAAP to be reflected or reserved against on a consolidated balance sheet (or notes thereto) of HSCC except for (i) liabilities or obligations with respect to or arising from the Transaction contemplated by this Agreement, (ii) liabilities or obligations that have arisen after the Most Recent Fiscal Month End in the Ordinary Course of Business; or (iii) that would not reasonably be expected to have a Material Adverse Effect.
- (e) HSCC has no liability (and, to HSCC's Knowledge, there is no basis for any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or deemed against it giving rise to any liability) with respect to any reimbursements from the Medicare program, the Medicaid program or any other third-party payment claimed or received by HSCC in excess of the amount permitted by Law, except as and to the extent that such liability for such Overpayments has already been satisfied or for which adequate provision has been made in the HSCC Historical Financial Information.

4.8 Material Licenses.

- (a) Schedule 4.8 contains a materially accurate and complete list of all Permits and Approvals owned or held by HSCC as of the date of this Agreement (the "Material Licenses"). HSCC has made available to Chapters materially accurate and complete copies of all Material Licenses listed on Schedule 4.8.
- (b) As of the date of this Agreement, the Material Licenses constitute all of the Permits and Approvals that are necessary for HSCC to own, lease, or operate their properties and assets and to carry on the Business as currently conducted.
- (c) HSCC is in compliance in all material respects with the terms of such Material Licenses.
- (d) There are no provisions in, or agreements relating to, any Material Licenses that preclude or limit HSCC from operating the HSCC Assets and carrying on the Business as currently conducted.
- (e) There is no pending, or to the Knowledge of HSCC, threatened, Proceeding by or before any Governmental Authority to revoke, cancel, rescind, suspend, restrict, modify, or refuse to renew any such Material Licenses.
- (f) As of the date of this Agreement, HSCC has not received any written notice or communication from any Governmental Authority, alleging any violation of any

Material Licenses other than any surveys or deficiency reports for which HSCC has submitted a plan of correction that has been accepted or approved by the applicable Governmental Authority. HSCC has made available to Chapters materially accurate and complete copies of all survey reports, deficiency notices, plans of correction, and related correspondence received by HSCC in connection with the Material Licenses.

4.9 Accreditation.

HSCC is accredited by the agencies or organizations listed on Schedule 4.9 hereto.

4.10 Government Program Participation; Reimbursement.

Except as set forth on Schedule 4.10:

- (a) The Facilities are certified or otherwise qualified for participation in the Government Programs and have current and valid provider agreements with such Programs (the “Program Agreements”). HSCC has delivered materially accurate and complete copies of all such Program Agreements to Chapters. The Facilities are in compliance in all material respects with the conditions of participation in the Government Programs and with the terms, conditions, and provisions of the Program Agreements. The Program Agreements are each in full force and effect, and to HSCC’s Knowledge no events or facts exist that would cause any Program Agreement to be suspended, terminated, restricted, withdrawn, or subjected to an admissions hold or to not remain in force or effect after the Closing.
- (b) HSCC has received all approvals or qualifications necessary for reimbursement of the Facilities by the Government Programs. All billing practices of HSCC, including, but not limited to, those pertaining to Government Programs and private insurance companies, have been conducted in compliance with all applicable Laws and the billing guidelines of such third party payors.
- (c) HSCC has not received notice of any Proceeding, survey, or other action pending, and to HSCC’s Knowledge, no such Proceeding, survey, or other action is threatened, involving any of the Government Programs or any other third party payor programs, including the Facilities’ participation in and the reimbursement received by HSCC from the Government Programs or any such program.
- (d) No third-party payor has terminated any contract or arrangement with HSCC or modified or altered any such contract or arrangement in a manner materially adverse to HSCC. The consummation of the Transaction contemplated by this Agreement, will not result in the termination or material modification or alteration of any contract or arrangement with any third-party payor.
- (e) Schedule 4.10(e) contains a list of all National Provider Identifiers and all provider numbers of HSCC under the Government Programs, all of which are in full force and effect.

4.11 Third Party Payor Cost Reports.

HSCC has timely filed all required cost reports for all fiscal years through and including the fiscal year ended June 30, 2023. All cost reports accurately reflect the information required to be included therein.

4.12 Regulatory Compliance.

Except as set forth on Schedule 4.12, for the prior three (3) years:

- (a) HSCC has not been convicted of, or, to the Knowledge of HSCC, charged with, investigated for or engaged in any conduct that would reasonably be expected to constitute, a violation of Law related to the Medicare or other Federal Health Care Program (as defined in 42 U.S.C. § 1320a-7(b)(f)) or any Law related to fraud, theft, embezzlement, breach of fiduciary duty, kickbacks, bribes, other financial misconduct, obstruction of an investigation or controlled substances. To the Knowledge of HSCC, none of the officers, directors or employees of HSCC has been convicted of, charged with, investigated for or engaged in conduct that would reasonably be expected to constitute a violation of any such Laws.
- (b) To the Knowledge of the HSCC, HSCC has complied in all material respects with all applicable Healthcare Laws, including, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended (the “Stark Law”), 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 8701-8707; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a; the Exclusion Laws, 42 U.S.C. § 1320a-7; HIPAA; the HITECH Act, the Controlled Substances Act, 21 U.S.C. §801 et seq.; Information Privacy or Security Laws; and any corresponding state statutes and applicable implementing regulations that address the subject matter of the foregoing.
- (c) HSCC has not received any written notice or other communication from a Governmental Authority or commercial payor that alleges that HSCC is not in compliance with any Law, other than statements of deficiencies from a Governmental Authority received in the Ordinary Course of Business.
- (d) To the Knowledge of HSCC, all of the contracts entered into by HSCC with physicians, other health care providers, or immediate family members of any physicians or other health care providers or entities in which physicians, other health care providers, or immediate family members of any physicians or other health care providers are equity owners involving services, supplies, payments, or any other type of remuneration, and all of the leases of personal or real property of HSCC with such physicians, health care providers, immediate family members or entities are in material compliance with all applicable Laws, and when required by such

applicable Laws, are in writing, are signed by the appropriate parties, set forth the services to be provided, and provide for fair market value compensation in exchange for such services, space, or goods.

- (e) To the Knowledge of HSCC, except in compliance with applicable Law, neither HSCC nor any of its officers, directors or employees is a party to any contract, lease agreement or other arrangement (including any joint venture or consulting agreement) related to HSCC, or the HSCC Assets with any physician, physical or occupational therapist, health care facility, hospital, nursing facility, home health agency or other person or entity that is in a position to make or influence referrals to or otherwise generate business for HSCC.
- (f) To the Knowledge of HSCC, neither HSCC nor any of its officers, directors, or managing employees, have engaged in any activities that are prohibited under 42 U.S.C. §§ 1320a-7 et seq., or the regulations promulgated thereunder, or under any other federal or state statutes or regulations, or which are prohibited by applicable rules of professional conduct.
- (g) HSCC has conducted its operations in all material respects in accordance with its compliance programs, and HSCC: (i) has no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (ii) to the Knowledge of HSCC, has not been the subject of any Government Program investigation conducted by any federal or state enforcement agency (not including routine or random surveys, audits or reviews which do not or reasonably should not be expected to result in findings materially adverse to HSCC); (iii) has not been a defendant in any qui tam/False Claims Act litigation (other than by reason of a sealed complaint of which HSCC has no Knowledge); (iv) has not been served with or received any search warrant, subpoena, or civil investigation demand by or from any federal or state enforcement agency (except in connection with medical services provided to third-parties who may be defendants or the subject of investigations into conduct unrelated to the Business); and (e) HSCC is not a party to a corporate integrity agreement with the OIG.

4.13 Information Privacy and Security Compliance.

- (a) To the Knowledge of HSCC, HSCC's operations comply in all material respects with HIPAA and the changes thereto imposed by HITECH and is in compliance in all material respects with all other applicable Information Privacy or Security Laws.
- (b) HSCC has provided to Chapters materially accurate and complete copies of the compliance policies and/or procedures and privacy notices of HSCC relating to Information Privacy or Security Laws. To the extent required by Information Privacy or Security Laws, HSCC provides training to its workforce (as such term is defined in 45 C.F.R. § 160.103) with respect to compliance with Information Privacy or Security Laws.

4.14 Medical Staff Matters.

HSCC has made available to Chapters materially correct and complete copies of any bylaws and rules and regulations of the medical staff of the Facilities, as well as a materially correct and complete list of all current members of the Facilities' medical staffs. There are no (i) pending or threatened adverse actions with respect to any medical staff member of the Facilities or any applicant thereto, including any adverse actions for which a medical staff member or applicant has requested a judicial review hearing that has not been scheduled or that has been scheduled but has not been completed, (ii) pending or threatened disputes with applicants, staff members or health professional affiliates, and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired, or (iii) medical staff members of the Facilities that have resigned or had their privileges revoked or suspended since the Most Recent Fiscal Month End.

4.15 Intellectual Property.

Except as set forth on Schedule 4.15:

- (a) HSCC owns, is licensed or otherwise has the right to use, all Intellectual Property necessary for or material to the conduct of the Business as currently conducted.
- (b) To the Knowledge of HSCC, HSCC has not infringed upon or otherwise violated, or is infringing upon or otherwise violating, the Intellectual Property rights of any Person.
- (c) To the Knowledge of HSCC, no Person or any products or services of any Person is infringing upon or otherwise violating any Intellectual Property rights of HSCC.
- (d) To the Knowledge of HSCC, there are no royalties, fees or other payments due with respect to any third-party Intellectual Property distributed or used in connection with products or services provided by HSCC to any Person.
- (e) HSCC is not, nor will be as a result of the execution and delivery of this Agreement or any of the documents described herein to which HSCC is (or at the Closing, will become) a party, in material breach of any Contract relating to the Intellectual Property or the Intellectual Property rights of any third party related to any of the HSCC Assets.
- (f) HSCC does not own any patents, registered trademarks, registered service marks or registered copyrights related to any of the HSCC Assets.
- (g) HSCC has not received written notice of any Proceeding involving a possible infringement or other violation by HSCC of any Intellectual Property rights by of any Person, and HSCC has not brought any Proceeding against any Person for infringement of Intellectual Property or breach of any license or Contract involving Intellectual Property.

4.16 Contracts.

- (a) Schedule 4.16 includes a materially complete and accurate description of all Contracts that (i) are entered into by HSCC with a physician or any other party which to HSCC's Knowledge is owned in whole or in part by a physician, (ii) contain any restrictive covenant, change of control or other Contract provision that would trigger any modification or termination of the Contract or that require the consent from or notice, to any third party to the Contract as a result of the Transaction; and/or (iii) involve a total financial commitment of more than \$200,000 annually and which cannot be terminated without cause upon less than ninety (90) calendar days' notice, (the Contracts described in Section 4.16(a)(i)-(iii) above are collectively referred to herein as the "Material Contracts"). Schedule 4.16 identifies with respect to each such Material Contract appearing thereon the applicable criteria noted in Section 4.16(a)(i)-(iii) above that requires listing on Schedule 4.16, the date and title of the Material Contract and the parties thereto. HSCC has delivered or otherwise made available to Chapters materially correct and complete copies of all Material Contracts.
- (b) Each Material Contract is in full force and effect and is a legal, valid and binding agreement of HSCC and, to the Knowledge of HSCC, of each other party thereto, enforceable against HSCC, and, to the Knowledge of HSCC, against the other party or parties thereto, in each case, in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally or by general principles of equity, and HSCC, is not (with or without notice or lapse of time or both) in breach or default thereunder and, to the Knowledge of HSCC, no other party to any of the Material Contracts is (with or without notice or lapse of time or both) in breach or default thereunder in any material respect.
- (c) HSCC has not given or received any written notice with respect to any actual, alleged or potential violation, breach or default under or any demand for renegotiation or termination with respect to any Material Contract.
- (d) No Material Contract contains any (i) non-competition restriction, (ii) take-or-pay arrangement, (iii) change of control or similar provision, or (iv) any term that requires the Business to deal exclusively with a particular party with respect to particular goods or services.
- (e) Each Material Contract was entered into in the Ordinary Course of Business and without the commission of any act, or any consideration having been paid or promised, which is or would reasonably be expected to result in a violation of any Law.

4.17 Personal Property.

To the Knowledge of HSCC, no Person other than HSCC owns any tangible personal property situated on the Real Property, except for the following all of which is excluded from the

Transaction: (a) items leased by HSCC pursuant to a lease agreement; (b) furniture and equipment owned or leased by third parties leasing space in the Real Property pursuant to a lease agreement; (c) personal property of employees, patients or visitors of HSCC; and (d) property owned by third parties but in the possession of HSCC and held on a consignment basis for sale or other disposition.

4.18 Real Property.

- (a) Schedule 4.18(a) sets forth a materially correct and complete list of the addresses of each parcel of Owned Real Property and all such Owned Real Property is owned by HSCC free and clear of all Encumbrances, except for Permitted Encumbrances.
- (b) Schedule 4.18(b) sets forth a materially correct and complete list of the addresses of all the Leased Real Property and identifies each Tenant Lease under which such Leased Real Property is occupied or used by HSCC, including the date of, and name of each of the parties to, such Tenant Lease. HSCC holds good and marketable leasehold title to each parcel of the Leased Real Property.
- (c) Schedule 4.18(c) sets forth a materially correct and complete list of all existing Third Party Leases, including the following information with respect to each: (i) the premises covered; (ii) the date; (iii) the name of the record tenant, licensee or occupant; (iv) the commencement date and; (v) either the expiration date or its status as a month to month tenancy.
- (d) HSCC has made available to Chapters materially accurate and complete copies of the Tenant Leases and Third Party Leases, in each case as amended or otherwise modified and in effect, together with any extension notices, as applicable.
- (e) HSCC has not received written notice from any Governmental Authority of (and otherwise has no Knowledge of): (i) any pending or threatened condemnation Proceedings affecting the Owned Real Property, or any part thereof; or (ii) any material violations of any Laws (including zoning and land use ordinances) with respect to the Real Property, or any part thereof, which have not heretofore been cured.
- (f) Except as set forth on Schedule 4.18(f), as of the Closing there will be no incomplete construction projects affecting the Real Property.
- (g) HSCC is not, nor will become, a Person or entity with whom U.S. persons are restricted from doing business under regulations of the Office of Foreign Asset Control (“OFAC”) of the United States Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive Order (including Executive Order November 13224 on Terrorism Financing, effective September 24, 2001), or the United and Strengthening America by Providing Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56, or any other governmental action. At the Closing, HSCC shall execute and deliver to Chapters an affidavit certifying that it is not a “blocked person” under Executive Order 13224, the form of which shall be acceptable to Chapters.

- (h) To the Knowledge of HSCC, all improvements, including all utilities which are a part of the Real Property, have been substantially completed and installed in accordance with the plans and specifications approved by the Governmental Authorities having jurisdiction, to the extent applicable, or to HSCC's Knowledge will be completed and installed in accordance with the plans and specifications approved by the Governmental Authorities.
- (i) Except as set forth on Schedule 4.18(i), HSCC has not received written notice from any Governmental Authority that the improvements which are a part of the Real Property, as designed and constructed, do not comply with all Laws applicable thereto, including but not limited to the Americans with Disabilities Act, as amended, and Section 504 of the Rehabilitation Act of 1973.
- (j) To the Knowledge of HSCC, the existing water, sewer, gas and electricity lines, storm sewer and other utility systems on the Real Property are, as of the date hereof, adequate to serve the utility needs of the Real Property. To the Knowledge of HSCC, all approvals, licenses and permits required for said utilities have been obtained and are in force and effect. All of said utilities are installed and operating, and all installation and connection charges have been paid in full.
- (k) HSCC has not received written notice from any Governmental Authority that the location, construction, occupancy, operation and use of the Real Property (including the improvements which are a part of the Real Property) violates any applicable Law or determination of any Governmental Authority or any board of fire underwriters (or other body exercising similar functions), judicial precedent or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Real Property or the location, construction, occupancy, operation or use thereof, including, all applicable Laws.

4.19 Insurance.

Schedule 4.19 sets forth a materially correct and complete list and description of all insurance policies or self-insurance funds maintained by HSCC as of the date of this Agreement covering the Business and the HSCC Assets, including the following:

- (a) The name of the insurer, the name of the policyholder and the name of each covered insured;
- (b) The policy number and the period of coverage;
- (c) The scope (including an indication of whether the coverage was on a claims made, occurrence or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and
- (d) A description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) the policy is legal, valid, binding, enforceable and in full force and effect; (B) neither HSCC, nor any other party to the policy is in breach or default (including with respect to payment or time that would constitute such a breach or default, or permit termination, modification or acceleration, under the policy); and (C) no party to the policy has repudiated any provision thereof. HSCC has been covered during the past five (5) years by insurance in scope and amount customary and reasonable for the Business. Schedule 4.19 also describes any self-insurance arrangements affecting HSCC.

4.20 Employee Benefit Plans.

- (a) HSCC has provided or made available to Chapters copies of each of the following that is sponsored, maintained or contributed to by HSCC, or any HSCC ERISA Affiliate, as defined below, for the benefit of the employees of HSCC:
 - (i) Each “employee benefit plan” for the benefit of the current or former employees of HSCC, as such term is defined in § 3(3) of ERISA, including employee benefit plans that are not subject to some or all of the provisions of ERISA (each, a “Plan”); and
 - (ii) To the extent applicable to the employees of HSCC, each material personnel policy, collective bargaining agreement, bonus plan, incentive award, vacation policy, severance pay plan, policy or agreement, deferred compensation agreement, form of consulting agreement, form of employment agreement, dependent care, life insurance program, and each other material employee benefit plan, agreement, arrangement, program, or practice that is not described in Section 4.20(a)(i) (each, a “Benefit Program and Agreement”).
- (b) True, correct and complete copies of each of the Plans and Benefit Programs and Agreements, and related trusts, if applicable, including all amendments thereto, have been furnished or made available to Chapters. HSCC has also furnished or made available to Chapters, with respect to each Plan required to file such report and description, the most recent report on Form 5500 and the summary plan description.
- (c) For purposes of this Agreement, the term “HSCC ERISA Affiliate” shall mean any person (as defined in § 3(9) of ERISA) that together with HSCC would be treated as a single employer under § 4001(b) of ERISA, or would be aggregated with HSCC under § 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes or included the first entity, trade or business, or that is a member of the same "controlled group" as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.
- (d) Except as otherwise set forth on Schedule 4.20(d):

- (i) All obligations, whether arising by operation of law or by contract, required to be performed by HSCC in connection with the Plans and the Benefit Programs and Agreements have been performed in all material respects;
- (ii) HSCC has provided to Chapters a copy of the most recent favorable determination or opinion letter from the Internal Revenue Service for each Plan intended to be qualified under § 401 of the Code. To the Knowledge of HSCC, since receipt of the most recent favorable determination letters, none of the Plans have been amended or operated in a way that would reasonably be expected to affect adversely such qualified and exempt status;
- (iii) There are no actions, suits, or claims pending (other than routine claims for benefits) or, to the Knowledge of HSCC, threatened against, or with respect to, any of the Plans or Benefit Programs and Agreements or their assets, other than with regard to Plans, routine claims for benefits;
- (iv) All contributions required to be made to the Plans and Benefit Programs and Agreements pursuant to their terms and provisions have been timely made or reserved;
- (v) As to any Plan, subject to Title IV of ERISA (“Title IV Plan”), there has been no event or condition that presents the material risk of any Title IV Plan termination, no funding deficiency, whether or not waived, within the meaning of § 302 of ERISA or §§ 412 and 430 of the Code has been incurred, no reportable event within the meaning of § 4043 of ERISA (for which the disclosure requirements of Regulation §4043.3 promulgated by the Pension Benefit Guaranty Corporation (“PBGC”) have not been waived), other than as a result of the Transaction, has occurred, no notice of intent to terminate any Title IV Plan has been given under § 4041 of ERISA, no Proceeding has been instituted under § 4042 of ERISA to terminate any Title IV Plan, no liability to the PBGC has been incurred, and the assets of each Title IV Plan equal or exceed the actuarial present value of the benefit liabilities under the Plan, determined based on the actuarial assumptions set forth in the most recent actuarial valuation performed with respect to such Plan; and, provided further, there is no material risk that HSCC has any liability with respect to any plan subject to Title IV maintained by any former HSCC ERISA Affiliate (with respect to that period in which such former HSCC ERISA Affiliate was a HSCC ERISA Affiliate);
- (vi) To the Knowledge of HSCC, there is no matter pending (other than routine qualification determination filings) with respect to any of the Plans or Benefit Programs or Agreements before the Internal Revenue Service, the Department of Labor or the PBGC;
- (vii) HSCC has no liability, contingent or otherwise, relating to a Title IV Plan that is a “multiemployer plan” as defined in § 3(37) and 4001(a) (3) of ERISA; and

- (viii) HSCC does not maintain or contribute to any defined benefit pension plan that is not a Title IV Plan.
- (e) HSCC is not a party to any agreement, nor has any such entity established any policy or practice, requiring it to make a payment or provide any other form of compensation or benefit to any Person performing services for HSCC which would not be payable or provided in the absence of the Transaction.
- (f) In connection with the consummation of the Transaction, no payments have or will be made under the Plans or Benefit Programs and Agreements which, in the aggregate, would result in imposition of the sanctions imposed under section 280G, 4999 or 409A of the Code.
- (g) HSCC does not maintain, contribute to or have any liability under any funded or unfunded medical, health or life insurance plan or arrangement for present or future retirees or future terminated employees for the benefit of the employees of HSCC, except as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended. Neither HSCC nor any HSCC ERISA Affiliate maintains or contributes to a trust, organization or association for the benefit of the employees of HSCC or any HSCC ERISA Affiliate described in any of §§ 501(c)(9), 501(c)(17) or 501(c)(20) of the Code.

4.21 Employee Matters.

- (a) Schedule 4.21(a) contains a list of all employees of HSCC, their current salary or wage rates, bonus and other compensation, benefit arrangements, accrued paid time off, periods of service, departments and job titles. Schedule 4.21(a) also indicates whether such employees are part-time, full-time, per diem or on a leave of absence and, if so, the type of leave. HSCC, and each of the Plans have properly classified individuals providing services to HSCC as independent contractors or employees, as the case may be. All current employees of HSCC are employees at-will, unless otherwise specified on Schedule 4.21(a). Except as disclosed on Schedule 4.21(a), HSCC is not a party to any oral (express or implied) or written employment agreement, severance agreement, or retention agreement with any individual.
- (b) HSCC is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it or any other amounts required to be reimbursed to such employees (including accrued paid time off and other benefits) or in the payment to the appropriate Governmental Authority of all required Taxes, insurance, social security and withholding thereon, except to the extent that such delinquency in payment would not, individually or in the aggregate, materially and adversely affect HSCC.
- (c) Except as set forth on Schedule 4.21(c): (i) there is no pending or threatened employee strike, work stoppage or labor dispute at any of the Facilities; (ii) to the Knowledge of HSCC, no question exists respecting union representation of any employees of HSCC, no demand has been made for recognition by a labor

organization by or with respect to any employees of HSCC, no union organizing activities by or with respect to employees of HSCC are taking place, and no employees of HSCC are represented by any labor union or organization; (iii) no collective bargaining agreement exists or is currently being negotiated by HSCC; (iv) there is no unfair labor practice claim against HSCC before the National Labor Relations Board pending or, to the Knowledge of HSCC, threatened against or involving the Business; (v) to HSCC's Knowledge, HSCC is in compliance in all material respects with all Laws and Contracts respecting employment and employment practices, labor relations, terms and conditions of employment, and wages and hours; (vi) HSCC is not engaged in any unfair labor practices; (vii) there are no material pending or, to the Knowledge of HSCC, threatened complaints or charges before any Governmental Authority regarding employment discrimination, safety or other employment-related charges or complaints, wage and hour claims, unemployment compensation claims or workers' compensation claims; and (viii) except as otherwise expressly provided in this Agreement, HSCC will not be subject to any claim or liability for severance pay as a result of the consummation of the Transaction. HSCC has no reason to believe that any employment-related Proceedings may be brought or threatened against HSCC.

4.22 Litigation.

Schedule 4.22 contains a materially correct and complete list and summary description of all Proceedings with respect to which HSCC is a party or that relates to HSCC, the Business or the HSCC Assets. Except as set forth on Schedule 4.22, HSCC has not received written notice of any Proceeding by or before any Governmental Authority against or affecting (i) HSCC, the Business or the HSCC Assets, (ii) any current or former employee or agent of HSCC relating to obligations with respect to the Business or HSCC Assets, or (iii) any current or former medical staff member, supplier or contractor relating to obligations with respect to the Business or HSCC Assets.

4.23 Tax Matters.

Except as disclosed on Schedule 4.23:

- (a) To the Knowledge of HSCC, HSCC is, and has been since the date of its incorporation, (i) an organization exempt from federal income tax under § 501(a) of the Code an organization that is described in § 501(c)(3), (ii) not a private foundation within the meaning of § 509(a) of the Code because it is an organization described in §§ 509(a)(1), 509(a)(2) or 509(a)(3), and (iii) in possession of a determination letter from the Internal Revenue Service to such effect, which determination letter has not been revoked or otherwise modified,
- (b) To the Knowledge of HSCC, HSCC (i) is in compliance in all material respects with all applicable Laws pertaining to the operation of an organization described in § 501(c)(3) of the Code, as applicable, and (ii) has not entered into any transaction that would reasonably be expected to constitute an “excess benefit transaction” within the meaning of § 4958 of the Code.

- (c) To the Knowledge of HSCC, the interests in the Real Property of HSCC are, and shall be through the Closing Date, exempt from all real and personal property Taxes, sales and use Taxes and there are no municipal assessments on, related to or under consideration for any of the Real Property.
- (d) HSCC has filed all Tax Returns that it was required to file and has paid all Taxes shown thereon as owing. Except with respect to waivers or extensions that are no longer in force, HSCC has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than ordinary course extensions of time within which to file any Tax Return.
- (e) HSCC has withheld and paid all material Taxes required to have been withheld and paid by it in connection with amounts paid or owing to any employee, independent contractor, creditor or other third party, and all Internal Revenue Service Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed (taking into account all extensions).
- (f) No Liens for Taxes exist with respect to any of the HSCC Assets, except for Permitted Encumbrances.
- (g) HSCC has not received any written notice from any Governmental Authority of deficiency or assessment, or proposed adjustment or assessment, in respect of Taxes of HSCC. To the Knowledge of HSCC, there are no pending or threatened Proceedings relating to any liability in respect of Taxes of HSCC.

4.24 Environmental Matters.

- (a) Except as disclosed on Schedule 4.24: (i) HSCC has no Knowledge that HSCC, the Real Property or any improvements on the Real Property are in violation of any Environmental Laws; (ii) HSCC has not received any written notice that remains outstanding from a Governmental Authority or any other Person that alleges that HSCC is in violation of or liable pursuant to applicable Environmental Laws; and (iii) HSCC has no Knowledge of any facts which would reasonably be expected to form the basis for any such liability.
- (b) HSCC has been duly issued, and currently has and will maintain through the Closing Date, all material Approvals and Permits required under any Environmental Law with respect to any of the Real Property.
- (c) To the Knowledge of HSCC, the Real Property contains no underground improvements, including treatment or storage tanks or underground piping associated with such tanks, used currently or in the past for the management of Hazardous Materials, and HSCC has not used any portion of the Real Property as a dump or landfill.
- (d) HSCC will promptly furnish to Chapters written notice of any material Environmental Condition or of any actions or notices described in this Section 4.24 arising or received after the date hereof prior to the Effective Time.

4.25 Tax-Exempt Bond Debt.

- (a) Schedule 4.25 sets forth a materially correct and complete list of all of the HSCC Tax-Exempt Bonds, including any trust indenture, loan agreement or other agreement entered into in connection with the HSCC Tax-Exempt Bonds (the “HSCC Tax-Exempt Bond Documents”). HSCC has made available to Chapters correct and complete copies of the HSCC Tax-Exempt Bond Documents.
- (b) Except as set forth on Schedule 4.25, to the Knowledge of HSCC, HSCC is not in violation of any of the terms and conditions of any HSCC Tax-Exempt Bond Documents, and no event or condition exists that constitutes an event of default under any such documents or that with the passing of time or the giving of notice, or both, would constitute an event of default under any such documents;
- (c) HSCC is not aware of any event or condition, that has occurred or exists that would adversely affect the tax-exempt status under federal law of the interest payable on any HSCC Tax-Exempt Bonds and no inquiry or notice has been received from the Internal Revenue Service and no Proceeding by or before any Governmental Authority is pending or, to the Knowledge of HSCC, threatened, which challenges the tax-exempt status under federal law of the interest payable on any HSCC Tax-Exempt Bonds.
- (d) Any arbitrage rebate payments required to be paid with respect to the HSCC Tax-Exempt Bonds under § 148(f) of the Code and the Treasury Regulations thereunder have been paid to the United States, in the manner on the dates and in the amounts required by § 148(f) of the Code and the Treasury Regulations thereunder.
- (e) Between the date hereof and the Closing Date, HSCC will use its commercially reasonable efforts to ensure that HSCC does not take any action or fail to act if such action or failure to act would reasonably be expected to adversely affect the tax-exempt status under federal law of the interest payable on any HSCC Tax-Exempt Bonds or would, with the passage of time, reasonably be expected to constitute an event of default with respect to any HSCC Tax-Exempt Bond Documents. Nothing contained in this subsection will restrict the ability of HSCC to retire the HSCC Tax-Exempt Bonds.
- (f) HSCC has not entered into, and between the date of this Agreement and the Closing, HSCC will not enter into, any lease, management contract, service agreement, or other similar arrangement with a private entity or person which would be considered a private use of facilities financed with the proceeds of HSCC Tax-Exempt Bonds if such private use, combined with any other private uses with respect to the HSCC Tax-Exempt Bonds, would reasonably be expected to cause any HSCC Tax-Exempt Bonds to cease qualifying for tax-exempt status under Code § 103.

4.26 Other Indebtedness.

- (a) Schedule 4.26 sets forth a materially correct and complete list of all HSCC Taxable Debt, including any trust indenture, loan agreement or other agreement entered into in connection with HSCC Taxable Debt (the “HSCC Taxable Debt Documents”). HSCC has made available to Chapters correct and complete copies of the HSCC Taxable Debt Documents.
- (b) Except as set forth as Schedule 4.26, to the Knowledge of HSCC, HSCC is not in violation of any of the terms and conditions of any HSCC Taxable Debt Documents and no event or condition exists that constitutes an event of default under any such documents or that with the passing of time or the giving of notice, or both, would constitute an event of default under any such documents.

4.27 Absence of Changes.

Except as set forth on Schedule 4.27, since the Most Recent Fiscal Month End, there has been no:

- (a) Material Adverse Effect;
- (b) material damage, destruction or loss with respect to or affecting any of the HSCC Assets, whether or not covered by insurance;
- (c) strike, work stoppage, lockout or other significant labor dispute or, to HSCC’s Knowledge, commencement of organization activity with respect to the workforce of HSCC;
- (d) sale, transfer or other disposal of any of the HSCC Assets, except in the Ordinary Course of Business;
- (e) Encumbrance imposed on any of the HSCC Assets, except for Permitted Encumbrances;
- (f) change in any accounting policy or methodology, except as may have been required in accordance with GAAP;
- (g) transaction or other action by HSCC outside the Ordinary Course of Business or not otherwise permitted by this Agreement; or
- (h) agreement, whether in writing or otherwise, by HSCC to take any of the actions set forth in this Section 4.27 or not otherwise permitted by this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF CHAPTERS

As of the date hereof and as of the Closing Date (except to the extent any of the following refers to any other specific date and subject to Section 12.13 of this Agreement), Chapters represents and warrants to HSCC, as follows:

5.1 Organization; Capacity.

Chapters is a corporation duly organized, validly existing and with an active status under the laws of the State of Florida. Chapters is qualified to do business under all applicable Laws of any Governmental Authority having jurisdiction over its businesses and to own its properties and conduct its business in the place and manner now conducted. Chapters has the requisite power and authority to enter into this Agreement and the other Transaction Documents to which Chapters is (or at the Closing, will become) a party and to perform its obligations hereunder and thereunder. The execution and delivery by Chapters of this Agreement and documents described herein to which it is (or at the Closing, will become) a party, the performance by Chapters of its obligations under this Agreement and documents described herein to which it is a (or at the Closing, will become) Party and the consummation by Chapters of the Transaction, as applicable, have been, or will be prior to the Closing, duly and validly authorized and approved by all necessary corporate actions on the part of Chapters, none of which actions have been modified or rescinded and all of which actions remain in full force and effect.

5.2 Authority; Noncontravention.

The execution, delivery and performance of this Agreement and each other Transaction Document by Chapters thereto and the consummation by Chapters of the Transaction, as applicable:

- (a) are within Chapters' powers and are not in contravention or violation of the terms of the articles of incorporation or bylaws of Chapters and have been, or will be prior to the Closing, approved by all requisite corporate action;
- (b) except as set forth on Schedule 5.2(b), do not require that Chapters seek or obtain any Approval of, filing or registration with, the issuance of any material Permit by, or give any Notice to, any Governmental Authority;
- (c) assuming the Approvals and Permits set forth on Schedule 5.2(b) are obtained, to the Knowledge of Chapters, will not conflict in any material respect with, or result in any violation of or default under (with or without notice or lapse or both), or give rise to a right of termination, cancellation, acceleration or augmentation of any obligation or to loss of any material benefit under, (i) any Contract, instrument, indenture, covenant, or understanding to which Chapters is bound or is a party, or (ii) any Order or Law to which Chapters may be subject; and
- (d) to the Knowledge of Chapters, will neither conflict with, nor result in, a material breach or contravention of any agreement, lease, instrument, indenture, covenant, or understanding to which Chapters is bound or is a party.

There are no outstanding powers of attorney executed by or on behalf of Chapters.

5.3 Binding Agreement.

This Agreement has been, and each Transaction Document to which Chapters is (or at the Closing, will become) a party has been, or upon execution thereof will be, duly executed and delivered by Chapters and (assuming due authorization, execution, and delivery by HSCC and all other parties thereto) this Agreement and each Transaction Document to which Chapters is a party constitute legal, valid, and binding obligations of Chapters enforceable against Chapters in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

5.4 Financial Information.

- (a) Schedule 5.4(a) hereto contains the following financial statements and financial information of Chapters (the "Chapters Historical Financial Information"):
 - (i) the audited consolidated balance sheets, statements of operation, statements of changes in net assets, and statements of cash flow (including the accompanying consolidating schedules of balance sheet information and statement of operation information) for Chapters as of, and for the twelve-month periods ended December 31, 2023, and December 31, 2022.
 - (ii) the unaudited consolidated balance sheet (including the accompanying consolidating schedules of balance sheet information) and unaudited consolidated statement of operations (including the accompanying consolidating schedules of statement of operation information) prepared in the Ordinary Course of Business for the fiscal period ending on a date which is not more than sixty (60) calendar days prior to the date of this Agreement.
- (b) The consolidated financial statements included in the Chapters Historical Financial Information have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated (subject, in the case of the unaudited Chapters Historical Financial Information, to the absence of notes and normal year-end audit adjustments, the effect of which is not material to Chapters), and are based on the information contained in the books and records of Chapters and its Affiliates. Chapters has not materially changed any accounting policy or methodology during the periods presented in the Chapters Historical Financial Information (including accounting policies and methodologies for determining the obsolescence of inventory or in calculating reserves, including reserves for uncollected accounts receivable).

5.5 Litigation.

Except as set forth on Schedule 5.5: (i) there is no Proceeding or Order pending or, to the Knowledge of Chapters, threatened against or affecting Chapters before any court or Governmental Authority that has or would reasonably be expected to have a Material Adverse

Effect; and (ii) Chapters is not subject to any Order that would materially and adversely affect the consummation of the Transaction.

5.6 Regulatory Compliance.

Except as set forth on Schedule 5.6, for the prior three (3) years:

- (a) Neither Chapters, nor to Chapters' Knowledge, any Affiliate or any of its respective officers, directors or employees, has been convicted of, charged with investigated for, or has engaged in conduct that would reasonably be expected to constitute, a Medicare or other Federal Health Care Program (as defined in 42 U.S.C. § 1320a-7(b)(f)) related offense or convicted of, charged with, investigated for, or engaged in conduct that would constitute a violation of any Law related to fraud, theft, embezzlement, breach of fiduciary duty, kickbacks, bribes, other financial misconduct, obstruction of an investigation or controlled substances. Neither Chapters, nor to Chapters' Knowledge, any Affiliate, or any officer, director or employee of Chapters or an Affiliate has been excluded from participating in any Government Program, subject to sanction pursuant to 42 U.S.C. § 1320a-7a or § 1320a-8 or been convicted of a crime described at 42 U.S.C. § 1320a-7b, nor are any such exclusions, sanctions or charges threatened or pending.
- (b) Chapters (i) is not a party to a corporate integrity agreement with the OIG; (ii) has no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (iii) has not been formally notified that it is the subject of any Government Program investigation conducted by any federal or state enforcement agency (not including routine or random surveys, audits or reviews which do not or reasonably should not result in findings materially adverse to the relevant Chapters); and (iv) has not been formally notified that it is a defendant in any qui tam/False Claims Act litigation (other than by reason of a sealed complaint of which Chapters may have no Knowledge).
- (c) Except in compliance with applicable Law, neither Chapters, nor to Chapters' Knowledge, any of their officers, directors or employees is a party to any contract, lease agreement or other arrangement (including any joint venture or consulting agreement) related to Chapters with any physician, physical or occupational therapist, health care facility, hospital, nursing facility, home health agency or other person or entity that is in a position to make or influence referrals to or otherwise generate business for Chapters with respect to its assets, to provide services or lease space or equipment.

5.7 Tax Matters.

Except as set forth on Schedule 5.7:

- (a) To the Knowledge of Chapters, Chapters and each of its Affiliates is and has been since the date of its incorporation, (i) an organization exempt from federal income tax under § 501(a) of the Code as an organization that is described in § 501(c)(3), (ii) not a private foundation within the meaning of § 509(a) of the Code because it

is an organization described in §§ 509(a)(1), 509(a)(2) or 509(a)(3), (iii) in possession of a determination letter from the Internal Revenue Service to such effect, which determination letter has not been revoked or otherwise modified, and (iv) in compliance in all material respects with all applicable Laws pertaining to the operation of an organization described in § 501(c)(3) of the Code. Neither Chapters nor any of its Affiliates has entered into any transaction that would reasonably be expected to constitute an “excess benefit transaction” within the meaning of § 4958 of the Code.

- (b) Chapters has filed all Tax Returns required to be filed by it. All Taxes due and owing by Chapters (whether or not shown on any Tax Return), have either been paid or are being contested in good faith by appropriate Proceedings for which adequate reserves have been established. Except with respect to waivers or extensions that are no longer in force, Chapters has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than ordinary course extensions of time within which to file any Tax Return.
- (c) Chapters has withheld and paid all material Taxes required to have been withheld and paid by it in connection with amounts paid or owing to any employee, independent contractor, creditor or other third party, and all Internal Revenue Service Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed (taking into account all extensions).
- (d) Chapters has not received any written notice from any Governmental Authority of deficiency or assessment, or proposed adjustment or assessment, in respect of Taxes of Chapters. To the Knowledge of Chapters, there are no pending or threatened Proceedings relating to any liability in respect of Taxes of Chapters.

5.8 Corporate Structure; Subsidiaries.

Attached as Schedule 5.8 is a corporate organizational chart identifying each legal entity in which Chapters possesses an ownership interest. Each ownership interest identified on Schedule 5.8 is owned by Chapters free and clear of all encumbrances, is duly authorized, validly existing and non-assessable, and is not subject to any preemptive or subscription rights.

5.9 Information Privacy and Security Compliance.

- (a) To the Knowledge of Chapters, Chapters’ and its Affiliates operations comply with HIPAA in all material respects and the changes thereto imposed by HITECH and are in compliance in all material respects with all other applicable Information Privacy or Security Laws.
- (b) To the extent required by Information Privacy or Security Laws, Chapters and each Affiliate provides training to its workforce (as such term is defined in 45 C.F.R. § 160.103) with respect to compliance with Information Privacy or Security Laws.

5.10 Due Diligence Review.

Chapters has conducted a due diligence review of HSCC's financial condition, including a review of the HSCC Historical Financial Information and other information regarding the operations of HSCC, has met with HSCC's CEO and certain managers, and has had an opportunity to review documents that HSCC has provided or that Chapters has requested. Chapters has utilized such access as it deems necessary for the purposes of evaluating the financial condition of HSCC and to assess the accuracy and completeness of the HSCC Historical Financial Information provided to Chapters. Other than the express representations and warranties in this Agreement, the disclosure schedules, and any other ancillary documents referenced herein, Chapters has not relied on any statement or representation of any employee, director, agent or representative of HSCC. Chapters further acknowledges that, except for the express representations or warranties in this Agreement, the disclosure schedules and any other ancillary documents, Chapters agrees that the assets of HSCC (including real property) have no warranty and are taken in an "AS IS, WHERE IS" condition as existing at the Closing.

ARTICLE 6

PRE-CLOSING COVENANTS OF THE PARTIES

The covenants of the Parties set forth in this Article 6 shall apply to the period between the date of this Agreement and the Closing.

6.1 Access to Information.

Subject to the terms of the Confidentiality Agreement agreed upon by the Parties, (i) HSCC shall provide to Chapters and its authorized representatives such reasonable and customary access to and an opportunity to inspect, investigate and review all facilities, books and records of HSCC and shall cause the directors, employees, accountants, and other agents and representatives of HSCC to reasonably cooperate in connection with Chapters' due diligence investigation of HSCC's assets, contracts, liabilities, operations, records and other aspects of the operations, business and affairs of HSCC, and (ii) Chapters shall provide to HSCC and its authorized representatives such reasonable and customary access to and an opportunity to inspect, investigate and review all facilities, books and records of Chapters and shall cause the directors, employees, accountants, and other agents and representatives of Chapters to reasonably cooperate with HSCC's due diligence investigation of Chapters' assets, contracts, liabilities, operations, records and other aspects of the operations, business and affairs of Chapters. All due diligence will be conducted by each Party in a manner that will not unreasonably interfere with the other Party's ongoing operations.

6.2 Conduct of Business.

From the date hereof until the Effective Time, except in the Ordinary Course of Business and consistent with past practices, or as otherwise approved in writing by Chapters which approval shall not be unreasonably withheld, conditioned or delayed, HSCC will:

- (a) carry on the Business in substantially the same manner as it has heretofore and not make any material change in operations, finance, accounting policies, or the HSCC Assets other than in the Ordinary Course of Business;
- (b) not make any change in employees or other personnel (excluding voluntary terminations and retirements) that is at a level of executive vice-president or above;
- (c) maintain the HSCC Assets and all parts thereof in as good working order and condition as at present, ordinary wear and tear excepted;
- (d) make all normal and planned capital expenditures and other capital expenditures for emergency repairs or replacement;
- (e) perform in all material respects all of its obligations and enforce the performance in all material respects of any party's obligations under the Material Contracts;
- (f) keep in full force and effect present insurance policies or other comparable insurance on the HSCC Assets;
- (g) use commercially reasonable efforts to maintain and preserve intact its business organizations with respect to the HSCC Assets, retain its present employees at the Facilities and maintain its relationships with physicians, medical staff, suppliers, customers and others having business relations with the Facilities;
- (h) permit and allow reasonable access by Chapters to physicians, medical staff and others that have business relations with HSCC;
- (i) use commercially reasonable efforts to correct any requirements for improvement cited by any Governmental Authority or accreditation agency in the most recent surveys conducted by each or develop and timely implement evidence of standards compliance that is acceptable to any Governmental Authority or accreditation agency;
- (j) comply in all material respects with all Laws applicable to the conduct of the Business;
- (k) continue to collect accounts receivable and pay accounts payable with respect to the Business in the Ordinary Course of Business; and
- (l) comply with all obligations, covenants and requirements set forth in the HSCC Tax-Exempt Bond Documents and the HSCC Taxable Debt Documents.

From and after the date of this Agreement, HSCC shall notify Chapters as and when HSCC proposes to vary from, or to not take, any action described in subsections (a) through (1) of this Section 6.2 (each, a “Proposed Change Notification”). Thereafter, any such proposed change may be undertaken by HSCC as permitted by this Section 6.2 including if consented to in writing by Chapters, which consent shall be deemed to have been given if no objection by Chapters is received by HSCC within three (3) calendar days following

the date of Chapters' receipt of the Proposed Change Notification; for purposes of clarification, Andrew K. Molosky, President and CEO of Chapters and Rhonda White, COO of Chapters, are each independently authorized to approve of such action under the Proposed Change Notification. Each Proposed Change Notification shall be in writing (which may be in the form of email) addressed to Andrew Molosky at MoloskyA@chaptershealth.org and Rhonda White at RWhite@chaptershealth.org and shall identify the proposed change and set forth a description of the proposed change in sufficient detail to allow Chapters to make an informed determination. In the event HSCC takes an action described in subsections (a) through (1) of this Section 6.2 without first obtaining the consent of Chapters, Chapters shall have the right to terminate this Agreement within ten (10) calendar days after Chapters becomes aware of such action by HSCC. Under no event will an action of HSCC described in this Section 6.2 constitute a breach of this Agreement, and Chapters sole remedy shall be to terminate this Agreement during such ten (10) calendar day period.

6.3 Negative Covenants.

From the date hereof to the Effective Time, except in the Ordinary Course of Business, upon the written approval of Chapters (which approval shall not be unreasonably withheld, conditioned or delayed), as may be required by applicable Law, or as contemplated or permitted by this Agreement, HSCC will not, with respect to the Business or otherwise regarding the HSCC Assets:

- (a) enter into any Contract (i) that involves direct or indirect payments to or from physicians or, to the Knowledge of HSCC, other potential sources of referrals (or Persons owned or controlled, in whole or in part, by physicians or, to the Knowledge of HSCC, potential sources of referrals, including those in a position to influence referrals) of a base compensation or fee of more than \$100,000 annually (or \$100,000 annually in the case of a Contract renewal), (ii) that is an employment agreement that commits to the payment of annual base compensation greater than \$100,000 and that is for a term greater than one year (regardless of whether such agreement satisfies the standards described in Section 6.3(a)(i)), (iii) that will restrict the ability of HSCC to compete in any manner in any geographic area, (iv) that is with a union or other collective bargaining group, or (v) that is with a managed care payor or other third party payor;
- (b) enter into any other Contract except for Contracts that satisfy each of the following requirements: (i) the Contract does not contain any restrictive covenant, change of control or other Contract provision that would trigger any modification or termination of the Contract or that requires the consent from or notice to any third party to the Contract as a result of the Transaction, and (ii) the Contract does not involve the payment or receipt of more than \$100,000 annually (or \$100,000 in the case of a Contract renewal);
- (c) except for the provision of certain of HSCC's employee health related benefits and electronic medical record contract, as set forth in Schedule 6.3(c), amend or terminate any Contract that is of the type referenced in either Section 6.3(a) or

Section 6.3(b) above, provided that any such amendment or termination shall be in the Ordinary Course of Business;

- (d) except in the Ordinary Course of Business or as necessary to comply with Contracts that are binding on HSCC as of the date of this Agreement, materially increase compensation payable to, or to become payable to, or make or agree to make a bonus payment to, any employee, physician, director, or officer, under any consulting or independent contractor Contract;;
- (e) (i) by action or inaction, abandon, terminate, cancel, forfeit, waive or release any material rights of HSCC, in whole or in part, with respect to the HSCC Assets or encumber any of the HSCC Assets (other than purchase money security interests or vendor financing entered into in the Ordinary Course of Business); (ii) effect any corporate merger, business combination, reorganization or similar transaction or take any other action, corporate or otherwise; or (iii) settle any dispute or threatened dispute with any Governmental Authority regarding the HSCC Assets in a manner that materially and adversely affects the Business;
- (f) except for an emergency capital expenditure, make any material unbudgeted capital expenditure commitment for additions to property, plant, equipment, intangible or capital assets or for any other purpose, other than for emergency repairs or replacement;
- (g) fail to maintain the books, accounts and records of HSCC in accordance with GAAP consistently applied;
- (h) amend the Articles of Incorporation, Bylaws or other comparable charter or organizational documents of HSCC, except as required by this Agreement;
- (i) adopt or amend any new or existing Plans of HSCC (other than such routine amendments as may be necessary for regulatory compliance);
- (j) apply for or become subject to the appointment of a receiver, trustee or liquidator, make an assignment for benefit of its creditors, admit in writing its inability to pay its debts as they become due, or file a voluntary petition in any court of competent jurisdiction seeking protection from creditors or declaring itself insolvent and unable to meet its obligations when due;
- (k) incur any unbudgeted long-term indebtedness;
- (l) alter title to the Owned Real Property as it exists on the date of this Agreement, between the date of this Agreement and Closing; or
- (m) sell, assign or otherwise transfer any lease of the Leased Real Property or enter into any sublease, license or occupancy agreement with respect to all or any portion of the Leased Real Property.

6.4 Notification of Certain Matters.

- (a) From the date hereof to the Effective Time, HSCC shall give prompt written notice to Chapters of (i) the occurrence, or failure to occur, of any event that causes any representation or warranty of HSCC contained in this Agreement to be untrue in any material respect, and (ii) any failure of HSCC to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.
- (b) From the date hereof to the Closing Date, Chapters shall give prompt notice to HSCC of (i) the occurrence, or failure to occur, of any event that causes any representation or warranty of Chapters contained in this Agreement to be untrue in any material respect, (ii) any failure of Chapters to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, and (iii) the occurrence of a Western Region Closing or information indicating that a proposed Western Region hospice has communicated its intention not to affiliate with Chapters. Subject to confidentiality, such notice shall provide a reasonably detailed description of the relevant circumstances, based on facts known to Chapters.

6.5 Restrictive Contracts.

With regard to any Material Contract that contains a restrictive covenant, change of control or other Material Contract provision that would trigger a modification or termination of the Material Contract or that requires consent from or notice to any third party to the Material Contract as a result of the Transaction, HSCC shall be responsible for and shall use its commercially reasonable efforts to obtain all such consents and provide all such notices. If any such consent cannot be obtained despite such commercially reasonable best efforts, HSCC shall upon the reasonable request of Chapters cooperate in any reasonable arrangement designed to preserve benefits under any such Material Contract, including enforcement of any and all rights of HSCC against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

6.6 Approvals.

Between the date hereof and the Closing Date, HSCC and Chapters shall use their respective commercially reasonable best efforts to obtain all Approvals and Permits and deliver all Notices necessary for the completion of the Transaction and the operation of the Business following the Closing. Chapters and HSCC agree to reasonably cooperate with each other and to provide such information and communications to each other or to any Governmental Authority as may be reasonably requested by one another or any Governmental Authority in order to obtain the Approvals and Permits and deliver the Notices contemplated above or as otherwise necessary to consummate the Transaction. Subject to any limitations required by applicable Law, Chapters and HSCC will, and will cause their respective counsel to, supply to each other copies of all material correspondence, filings or written communications by such Party with any Governmental Authority or staff members thereof, with respect to the Transaction.

6.7 Additional Financial Information.

Within thirty (30) days following the end of each calendar month prior to the Closing Date, HSCC will deliver to Chapters, copies of the unaudited consolidated balance sheets and the related unaudited combined income statements relating to the Business for each month then ended. Within ten (10) days of receipt, HSCC will deliver to Chapters for fiscal years ending prior to the Closing Date audited consolidated balance sheets, statements of operation, statements of changes in net assets, and statements of cash flow (including the accompanying consolidating schedules of balance sheet information and statement of operation information). Such financial statements shall have been prepared from and in accordance with HSCC's books and records, shall be true, correct and complete in all material respects and fairly present the financial position and results of operations of the Business as of the date and for the period indicated, and shall be prepared in accordance with GAAP, consistently applied, except that in the case of the unaudited monthly statements, such financial statements need not include required footnote disclosures, nor reflect normal year-end adjustments or adjustments that may be required as a result of the Transaction.

6.8 Closing Conditions.

Between the date of this Agreement and the Closing Date, HSCC and Chapters will use their commercially reasonable efforts (unless another standard is provided for herein) to cause the conditions specified in Article 8 and Article 9 hereof over which HSCC and Chapters, respectively, have control, including the receipt of all required Approvals and Permits set forth on Schedules 8.4 and 9.4, to be satisfied as soon as reasonably practicable, but in all events on or before the Effective Time.

6.9 Membership of HSCC; Disaffiliation from California Hospice Network.

Between the date of this Agreement and the Closing Date, HSCC will take all commercially reasonable actions necessary or appropriate to disaffiliate with and terminate its relationship with California Hospice Network such that prior to the Closing Date, California Hospice Network will no longer be a member of HSCC and HSCC will have no further obligation or liability of any kind whatsoever owed to California Hospice Network. To the extent that any regulatory or other approvals or filings will be required in connection with HSCC's disaffiliation from California Hospice Network, all such approvals will be obtained and filings will be made before the Closing Date.

ARTICLE 7 **POST-CLOSING COVENANTS OF THE PARTIES**

The covenants of the Parties set forth in this Article 7 shall apply to the period that commences on the Effective Time.

7.1 Employees.

- (a) All of HSCC's employees who are employed and in good standing with HSCC as of the Closing will continue to be employees of HSCC for at least an interim period of

sixteen (16) weeks after the Closing operating as part of the Chapters health system, provided that such employees are not terminated by HSCC due to performance or do not voluntarily terminate employment. Such employment will be pursuant to terms and conditions that are substantially comparable to those that exist prior to the Closing, and written contracts with employees in effect at the Closing will remain in effect after the Closing provided that such contracts are consistent with industry standards. All HSCC employees shall be credited for their prior years of service with HSCC for all purposes of any Chapters or Chapters Affiliate's benefit plans and programs. For a period of fifty-two (52) weeks commencing on the Effective Time, all regular full-time and part-time non-exempt and exempt salaried employees of HSCC as of the Effective Time will in the event of termination of employment, other than termination due to performance or a voluntary termination, be eligible to receive the severance benefits described on Schedule 7.1(a), in a lump sum payment at the time of termination and subject to an applicable manager, director or senior leader level employee entering into the separation and release agreement described below, which benefits are summarized as follows: (i) regular full-time and part-time non-management employees (excluding temporary or "PRN" employees), 6-8 weeks; (ii) director and manager level employees, 8-12 weeks based on tenure; and (iii) senior leaders, 26 weeks. HSCC's Executive Director shall be eligible to receive such severance and other benefits as are set forth in the Executive Director's Employment Agreement on the date of this Agreement. Temporary or "PRN" employees will not be eligible for severance benefits. Any severance benefits potentially payable under this Section 7.1(a) to an HSCC employee will not be impacted by any post-Closing change in title, nor will any such severance benefits become payable or adjusted solely because an HSCC managerial employee becomes employed by Chapters or a pre-Closing Chapters Affiliate (in which case severance benefits will be paid only if the managerial employee's position with Chapters or such pre-Closing Chapters Affiliate is eliminated within the applicable period). Each HSCC employee shall be entitled to receive the severance benefits provided for on Schedule 7.1(a) if the employee terminates employment within the applicable period as a result of a reduction in base compensation that has not been approved by the employee and the employee's employer has not restored the employee's base compensation within thirty (30) days of the employee's written demand. The ten (10) senior leaders and directors listed in Schedule 7.1(a) shall be entitled to receive the severance benefits if the employee terminates employment as a result of a material diminution in the employee's duties or responsibilities that has not been approved by the employee and the employee's employer has not restored the employee's duties and responsibilities within thirty (30) days' of the employee's written demand. Eligibility of each manager, director and senior leader level employee to potentially receive the severance benefits provided for in this Section 7.1(a) will be conditioned upon Chapters and HSCC receiving from such HSCC employee prior to the payment of any severance a duly executed and effective separation and release agreement in a form mutually acceptable to Chapters and HSCC in which such employee agrees to keep the terms associated with their severance benefits confidential and to release HSCC and Chapters from any and all liabilities and obligations upon the payment of severance benefits to which such employee may be entitled. Any severance benefits to be paid to employees of HSCC pursuant to this Section 7.1(a) will be paid out of HSCC's pre-Closing assets. In anticipation of potentially paying the severance benefits described in this Section 7.1(a),

HSCC will prior to the Closing reserve on its financial statements the following amounts: (a) five percent (5%) of the maximum potential aggregate amount of severance benefits that could become due and payable to HSCC's regular full-time and part-time non-management employees; and (b) fifty percent (50%) of the maximum potential aggregate amount of severance benefits that could become due and payable to HSCC's manager level, director level and senior leader level employees. Upon the first anniversary of the Effective Time, any such amounts held in reserve that have not been paid out shall no longer be subject to the reserve.

(b)_ Attached as Schedule 7.1(b) is a list of all employment agreements, severance agreements and plans, retention agreements, and plans, and all other similar agreements and plans of every kind and nature that create obligations owed by HSCC to any employee or former employee of HSCC.

7.2 Restricted Funds.

- (a) HSCC owns the real estate located at 940 Disc Drive, Scotts Valley, CA (the "Hospice Residence") and maintains certain excess cash savings and donated or trust funds, which are estimated to be an amount equal to \$3.7 million consistent with the HSCC Financial Statements. Within five (5) business days in advance of the Closing Date, HSCC shall notify Chapters of the amount of such excess cash savings as of the Closing Date which HSCC agrees will approximate \$3.7 million (the "Excess Funds"). Following the Closing, the Hospice Residence and such Excess Funds shall continue to be held by HSCC solely for use in accordance with HSCC's corporate purposes and in compliance with any donor restrictions relating to such assets for the benefit of HSCC's charitable mission in the Service Area, all as more specifically set forth in HSCC's Bylaws attached as Exhibit 2.2B attached hereto.
- (b) Chapters and HSCC will collaborate to raise increased donations for HSCC after the Closing. Chapters and HSCC will continue to be bound by and honor the terms of all endowments and/or donor-restricted funds, including those requiring that such endowments and funds be used in HSCC's Service Area, and the beneficial interests of the Parties in any gifts or bequests shall continue. Future contributions to each of the Parties, whether under will, deed of trust or otherwise, shall be treated as contributions to the named Party. All fundraising proceeds raised by HSCC after the Effective Time will be used by HSCC for qualifying healthcare and charitable purposes in HSCC's Service Area.

7.3 Access to Information.

The Parties acknowledge that, subsequent to the Effective Time, Chapters and HSCC may need access to information and documents in the control or possession of the other for purposes of completing the Transaction, audit preparation, compliance with Laws and other legitimate business purposes. The Parties agree that they will provide such information and documents in their possession or control to the other Parties, their attorneys and independent auditors as shall be

reasonably necessary or appropriate for the purposes described in this Section 7.3, subject to all applicable Laws, specifically including the Laws pertaining to antitrust and competition.

ARTICLE 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF CHAPTERS

The obligations of Chapters hereunder are subject to the satisfaction, on or prior to the Closing Date, of the following conditions unless waived in writing by Chapters:

8.1 Representations and Warranties.

The representations and warranties of HSCC contained in this Agreement and in any document, instrument or certificate delivered hereunder shall be true and correct in all material respects at and as of the date of this Agreement and on the Closing Date (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

8.2 Performance; Disaffiliation from California Hospice Network.

HSCC shall have performed and complied, in all material respects, with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by HSCC at or prior to the Closing, including the requirements that HSCC disaffiliate from California Hospice Network such that California Hospice Network is no longer a member of HSCC, and that HSCC owes no further obligation or liability to California Hospice Network beyond the Closing Date.

8.3 No Material Adverse Effect.

No Material Adverse Effect shall have occurred.

8.4 Pre-Closing Confirmations by Governmental Authorities.

Chapters shall have obtained documentation or other evidence reasonably satisfactory to Chapters that the Parties have received all those Approvals and Permits set forth on Schedule 8.4.

8.5 Action/Proceeding.

No court or any other Governmental Authority shall have issued an Order restraining or prohibiting the Transaction (that, if not permanent, has not been lifted or vacated or otherwise is no longer in effect); no Governmental Authority shall have commenced or threatened in writing to commence any Proceeding before any court of competent jurisdiction or other Governmental Authority that seeks to restrain or prohibit the consummation of the Transaction or otherwise seeks a remedy which would reasonably be expected to materially and adversely affect the operation of the Business; and none of the Justice Department, FTC, California Attorney General, California Department of Public Health, or California Office of Health Care Affordability shall have requested, orally or in writing, that Chapters delay, postpone or forebear from the Closing.

8.6 Closing Documents.

HSCC shall have executed and delivered to Chapters all of the documents and other items required to be delivered by HSCC as contemplated by Section 3.2 or otherwise pursuant to any term or provision of this Agreement.

8.7 Post-Closing Compliance with Laws and Regulations.

Chapters shall have received such reasonable assurances as it determines to be reasonably necessary to confirm that the Transaction described in this Agreement and the post-Closing operations and affairs of Chapters and HSCC will comply with all applicable Laws, including those relating to antitrust and competition, and that all other outstanding substantive and regulatory issues have been resolved to the satisfaction of Chapters.

8.8 Tax-Exempt Status of HSCC.

Chapters shall have received such reasonable assurances as it deems reasonably necessary to confirm that, since the date of this Agreement, (i) no changes in Law shall have occurred and (ii) no changes in facts and circumstances (excluding these that were either reasonably foreseeable or caused by or within the control of Chapters) shall have transpired, that in either case cause the Code § 501(c)(3) federal income tax-exempt status of HSCC to be placed in jeopardy by the Closing of the Transaction.

8.9 Completion of Due Diligence.

Chapters shall have completed such due diligence of HSCC, and the HSCC Assets, as it deems appropriate and shall be satisfied with the results thereof in its sole discretion.

8.10 Approvals.

All actions to be taken by HSCC in connection with the execution, delivery, and performance of this Agreement and the ancillary documents, the consummation of the Transaction contemplated hereby or thereby, and all consents, certificates, documents, instruments, agreements and government approvals required to effect the Transaction contemplated hereby or thereby shall be reasonably satisfactory in form and substance to Chapters.

8.11 Schedules, Exhibits, Attachments, and Ancillary Documents.

The Schedules delivered by HSCC shall be complete to the reasonable satisfaction of Chapters and all Exhibits, attachments, and ancillary documents shall be in the form and substance reasonably satisfactory to Chapters.

8.12 Further Assurances.

Chapters shall have received such consents, certificates, documents, instruments, and agreements as may reasonably be required by it to carry out and consummate the Transaction contemplated hereby and to evidence the fulfillment of the agreements herein contained and the performance of all the conditions to the consummation of the Transaction.

ARTICLE 9
CONDITIONS PRECEDENT TO OBLIGATIONS OF HSCC

The obligations of HSCC hereunder are subject to the satisfaction, on or prior to the Closing Date, of the following conditions unless waived in writing by HSCC :

9.1 Representations and Warranties.

The representations and warranties of Chapters contained in this Agreement and in any document, instrument or certificate delivered hereunder shall be true and correct in all material respects at and as of the date of this Agreement and on the Closing Date (except to the extent expressly made as of an earlier date, in which case as of such earlier date).

9.2 Performance.

Chapters shall have performed and complied, in all material respects, with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by Chapters at or prior to the Closing. HSCC's current corporate member, California Hospice Network ("CHN"), shall have been dissolved out of existence prior to the Closing Date such that CHN's membership interest in HSCC shall have been terminated without further obligation or liability owed by HSCC to CHN. HSCC and Chapters will work together prior to the Closing Date to effectuate an assignment or otherwise transition to HSCC the existing contract held by CHN with Netsmart for electronic medical records.

9.3 No Material Adverse Effect.

No Material Adverse Effect shall have occurred.

9.4 Pre-Closing Confirmations by Governmental Authorities.

HSCC shall have received documentation or other evidence reasonably satisfactory to HSCC that the Parties have received all those Approvals and Permits set forth on Schedule 9.4.

9.5 Action/Proceeding.

No court or any other Governmental Authority shall have issued an Order restraining or prohibiting the Transaction (that, if not permanent, has not been lifted or vacated or otherwise is no longer in effect); no Governmental Authority shall have commenced or threatened in writing to commence any Proceeding before any court of competent jurisdiction or other Governmental Authority that seeks to restrain or prohibit the consummation of the Transaction or otherwise seeks a remedy which would reasonably be expected to materially and adversely affect the operation of the Business; and none of the Justice Department, FTC, California Attorney General, California Department of Public Health, or California Office of Health Care Affordability shall have requested, orally or in writing, that HSCC delay, postpone or forebear from the Closing.

9.6 Closing Documents.

Chapters shall have executed and delivered to HSCC all of the documents and other items required to be delivered by Chapters as contemplated by Section 3.3 or otherwise pursuant to any term or provision of this Agreement. .

9.7 Post-Closing Compliance with Laws and Regulations.

HSCC shall have received such reasonable assurances as it determines to be reasonably necessary to confirm that the Transaction described in the Agreement and the post-Closing operations and affairs of HSCC and Chapters will comply with all applicable Laws, including those relating to antitrust and competition, and that all other outstanding substantive and regulatory issues have been resolved to the satisfaction of HSCC.

9.8 Tax-Exempt Status of Chapters.

HSCC shall have received such reasonable assurances as it deems reasonably necessary to confirm that, since the date of this Agreement, (i) no changes in Law shall have occurred and (ii) no changes in facts and circumstances (excluding those that were either reasonably foreseeable or caused by or within the control of HSCC) shall have transpired, that in either case cause the Code § 501(c)(3) federal income tax-exempt status of Chapters to be placed in jeopardy by the Closing of the Transaction.

9.9 Completion of Due Diligence.

HSCC shall have completed such due diligence of Chapters as HSCC deems appropriate and shall be satisfied with the results thereof in its sole discretion.

9.10 Schedules, Exhibits, Attachments, and Ancillary Documents.

The Schedules delivered by Chapters shall be complete to the reasonable satisfaction of HSCC and all Exhibits, attachments, and ancillary documents shall be in the form and substance reasonably satisfactory to HSCC.

9.11 Further Assurances.

HSCC shall have received such consents, certificates, documents, instruments and agreements as may reasonably be required by it to carry out and consummate the Transaction contemplated hereby and to evidence the fulfillment of the agreements herein contained and the performance of all of the conditions to the consummation of such Transaction.

9.12 Approvals.

All actions to be taken by Chapters in connection with the execution, delivery, and performance of this Agreement and the ancillary documents, the consummation of the Transaction contemplated hereby or thereby, and all consents, certificates, documents, instruments, agreements and governmental approvals required to effect the Transaction contemplated hereby or thereby shall be reasonably satisfactory in form and substance to HSCC.

9.13 Chapters West.

HSCC shall have received confirmation from Chapters that (i) at least one affiliation transaction shall have closed pursuant to which a not for profit hospice organization other than HSCC shall have become an Affiliate of Chapters and participant in Chapters West, and (ii) at least one other not for profit hospice organization in addition to HSCC shall have entered into a binding affiliation agreement to affiliate with Chapters and participate in Chapters West and that Chapters is not aware of any violation, breach, default or other condition related to such affiliation agreement that could reasonably be expected to result in a failure to close the transaction contemplated thereby.

ARTICLE 10 **TERMINATION**

10.1 Termination Prior to Closing.

This Agreement may be terminated and the Transaction may be abandoned at any time prior to the Closing only as follows:

- (a) by mutual consent in writing of Chapters and HSCC;
- (b) by HSCC, if Chapters breaches in any material respect any of the representations, warranties, covenants or other agreements of Chapters contained in this Agreement, which breach has not been waived in writing or cannot be or has not been cured within thirty (30) calendar days after the giving of written notice by HSCC to Chapters specifying such breach or if any representation or warranty of Chapters set forth in this Agreement that is material to the Transaction is determined to have been false or misleading when made;
- (c) by Chapters, if HSCC breaches in any material respect any of the representations, warranties, covenants or other agreements of HSCC contained in this Agreement, which breach has not been waived in writing or cannot be or has not been cured within thirty (30) calendar days after the giving of written notice by Chapters to HSCC specifying such breach or if any representation or warranty of HSCC set forth in this Agreement that is material to the Transaction is determined to have been false or misleading when made;
- (d) by Chapters or HSCC, if any court or any other Governmental Entity issues an order restraining or prohibiting such Party from consummating the Transaction and such order becomes final and non-appealable;
- (e) by HSCC, if satisfaction of any of the conditions in Article 9 is or becomes impossible and HSCC has not waived such condition in writing; provided that in each case the failure to satisfy the applicable condition or conditions has occurred by reason other than (A) through the failure of HSCC to comply with its obligations under this Agreement, or (B) Chapters' failure to provide its closing deliveries on the Closing Date as a result of HSCC not being ready, willing and able to close the Transaction on the Closing Date;

- (f) by Chapters, if satisfaction of any of the conditions in Article 8 is or becomes impossible and Chapters has not waived such condition in writing; provided that in each case the failure to satisfy the applicable condition or conditions has occurred by reason other than (A) through the failure of Chapters to comply with its obligations under this Agreement, or (B) HSCC's failure to provide its closing deliveries on the Closing Date as a result of Chapters not being ready, willing and able to close the Transaction on the Closing Date; or
- (g) by either Chapters or HSCC, if the Closing has not occurred (other than through the failure of any Party seeking to terminate this Agreement to comply in all material respects with its obligations under this Agreement) on or before March 31, 2025, or such other date as mutually agreed in writing by the Parties.

10.2 Effect of Termination Prior to Closing.

In the event that this Agreement is terminated by either Chapters or HSCC pursuant to Section 10.1, this Agreement shall forthwith become void and have no effect, and all rights and obligations of the Parties under this Agreement shall terminate, without any liability or obligation of any Party to any other Party of any nature or kind whatsoever (whether at law or in equity or otherwise), except that the provisions of this Article 10, Article 11 and Section 12.6 shall survive such termination, and nothing contained in this Agreement shall relieve any Party hereto from liability for damages resulting from any failure to perform any of its covenants or obligations set forth in this Agreement. Upon the termination of this Agreement prior to the Closing Date, each Party shall, and shall use good faith efforts to cause their Representatives or Affiliates to, promptly return to the appropriate Party the original and all copies (in whatever form made or stored) of the confidential or non-public information of such other Party, or shall destroy the same, and shall certify in writing to such other Party that all such confidential or non-public information and all copies thereof have been returned or destroyed. Notwithstanding the foregoing, a Party's obligation to destroy or return data and documents shall, with respect to digital media and computer memory, apply only to memory in active, currently accessible media, and not to other back-up media.

ARTICLE 11 **ADDITIONAL AGREEMENTS**

11.1 Exclusivity.

During the period from the date of this Agreement to the earlier of (i) the Closing Date or (ii) the date on which discussions with respect to a potential Transaction have been terminated by either Party pursuant to Section 10.1 and any applicable cure periods have expired:

- (a) HSCC will not (i) offer for lease, sale, divestiture or other disposition its assets and operations (or any material portion thereof), or any ownership or membership interest in HSCC; (ii) solicit offers to lease, sell, divest or otherwise dispose of its assets and operations (or any material portion thereof), or any ownership or membership interest in HSCC; (iii) hold discussions with any party (other than Chapters) looking toward any such transaction, offer or solicitation such as those

referenced in subsections (i) and (ii) above; (iv) enter into any agreement with any party (other than Chapters) with respect to the lease, sale, divestiture or other disposition of its assets and operations (or any material portion thereof) or with respect to any ownership or membership interest in HSCC, or with respect to any merger, consolidation or other fundamental transaction, or (v) furnish or cause to be furnished any information with respect to HSCC, its assets or operations to any party that HSCC knows or has reason to believe is in the process of considering any such acquisition, lease, sale, membership substitution, merger, consolidation or other transaction. HSCC shall immediately cease and cause to be terminated any existing discussions or negotiations with any third parties conducted heretofore with regard to any of the foregoing.

- (b) Chapters and its Representatives shall not, without providing notice to HSCC, directly or indirectly, solicit, initiate, encourage or enter into any discussions or negotiations with, or provide any assistance or information to, or enter into any agreement with, any hospice service provider operating in the states of California, Arizona, Nevada, Oregon, Idaho or Washington except for the hospices set forth on Schedule 2.7 (collectively, “Possible Affiliates”) concerning: (a) an affiliation or transaction similar to the Transaction contemplated in this Agreement, (b) a change of control of a Possible Affiliate or any of its affiliates, (c) a sale of all or substantially all of the assets of a Possible Affiliate or its affiliates, or (d) a change of control of Chapters or any of its Affiliates to a person or entity other than Chapters or an Affiliate of Chapters.

11.2 Confidentiality.

Each Party agrees to remain subject to and bound by the terms of that certain mutual non-disclosure agreement dated as of February 27, 2024, as amended or waived in a signed writing from time to time (the “Confidentiality Agreement”), which is incorporated by reference into this Agreement, until the Closing; provided, however, that if this Agreement is terminated pursuant to Section 10.1 herein, the Confidentiality Agreement shall survive any such termination and shall continue in full force and effect thereafter in accordance with its terms, conditions, and other provisions with the exception of any exclusive dealing covenants which shall be deemed terminated and no longer of any force or effect. No Party will make any public disclosure or issue any press releases pertaining to the existence or terms and conditions of this Agreement or the Transaction between the Parties without having first obtained the written consent of the other Party, except for communications with governmental or regulatory agencies as may be legally required, necessary or appropriate solely with respect to the Transaction, and which are not inconsistent with the prompt consummation of a Transaction as contemplated by this Agreement. Neither Party will encourage any third party to make any public comment concerning the Transaction. All public communications regarding the Transaction will be made only in accordance with a mutually agreed upon communication plan. The Parties will coordinate with one another as to any communications to their respective employees and medical staff, as applicable, relating to the Transaction prior to the communication of the same.

11.3 Enforcement of Agreement.

- (a) In the event of any dispute, controversy, claim or disagreement arising out of or related to this Agreement or the acts or omissions of the Parties with respect to this Agreement (each, a “Dispute”), before pursuing any remedy under Section 11.4 below, the Parties shall, as soon as reasonably practicable after one Party gives written notice of a Dispute to the other Party (the “Dispute Notice”), meet and confer in good faith regarding such Dispute at such time and place as mutually agreed upon by the Parties within thirty (30) days of the date of the Dispute Notice (the “Meet and Confer”). The Dispute Notice shall reasonably detail the facts or circumstances giving rise to the Dispute. The obligation to conduct a Meet and Confer pursuant to this section does not obligate any Party to agree to any compromise or resolution of the Dispute that such Party does not determine, in its sole and absolute discretion, to be a satisfactory resolution of the Dispute. The Meet and Confer shall be considered a settlement negotiation for the purpose of all applicable laws protecting statements, disclosures or conduct in such context, and any offer in compromise or other statements or conduct made at or in connection with any Meet and Confer shall be protected under such laws. During this meeting, the issue will be presented to each Party to the Dispute for decision and resolution. If the Meet and Confer does not resolve the Dispute to the satisfaction of any Party, then such Party may then pursue any other remedy available under this Agreement.
- (b) Subject to Section 11.3(a), the Parties acknowledge and agree that after the Effective Time, the Elected Directors shall have the continuing right to enforce this Agreement in the event of any Dispute that (i) could reasonably be interpreted as triggering a right of HSCC to disassociate from Chapters pursuant to Article XV of HSCC’s Bylaws, (ii) reasonably calls into question whether the Hospice Residence and Excess Funds are being used consistent with the restrictions set forth in Article XVI of HSCC’s Bylaws, or (iii) reasonably calls into question whether Chapters has exercised its rights as sole member of HSCC set forth in Article XIII of HSCC’s Bylaws consistent with any corresponding approval rights of the Elected Directors as set forth in such Article XIII. The California Department of Justice shall have the continuing authority to enforce this Agreement to the extent provided by applicable law.

11.4 Injunctive Relief.

- (a) Chapters agrees that HSCC would be damaged irreparably in the event that Chapters breaches any of the provisions of this Agreement or fails to perform such provisions in accordance with their specific terms. Accordingly, Chapters agrees that HSCC shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof, or in any arbitration, having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

- (b) HSCC agrees that Chapters would be damaged irreparably in the event that HSCC breaches any of the provisions of this Agreement or fails to perform such provisions in accordance with their specific terms. Accordingly, HSCC agrees that Chapters shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof, or in any arbitration, having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

ARTICLE 12

GENERAL

12.1 Notice.

Any notice, demand or communication required, permitted, or desired to be given under this Agreement (“Notice”) shall be deemed effectively given (a) when personally delivered (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, must be sent to the respective Parties at the following addresses (or at such other address as shall be specified in a Notice given in accordance with this Section 12.1):

If to Chapters:	Chapters Health System, Inc. 12470 Telecom Drive, Suite 300 West Temple Terrace, FL 33637 Attention: Andrew K. Molosky, President & CEO Email: moloskya@chaptershealth.org
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with copy to (which shall not constitute notice):	Buchanan Ingersoll & Rooney PC 401 E. Jackson Street, Suite 2400 Tampa, FL 33602 Attention: Dale S. Webber, Esquire Email: dale.webber@bipc.com
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If to HSCC:	Hospice Santa Cruz County 940 Disc Drive Scotts Valley, CA 95066 Attn: Cathy Conway, CEO Email: cconway@hospicesantacruz.org
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with a copy to:
(which shall not
constitute notice):

Bouey & Black LLP
2197 Ridgepointe Court
Walnut Creek, CA 94596
Attention: Donald J. Bouey, Esquire
Email: donald@boueylaw.com

12.2 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the Parties hereto. One or more of such counterparts may be delivered via facsimile, email or other electronic format (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com), and the Parties intend that they shall have the same legal force and effect as an original counterpart hereof.

12.3 Choice of Law; Waiver of Trial by Jury; Venue; Limitation on Damages.

- (a) The Parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to any choice or conflicts of law provision or rule thereof (whether of the State of California or any other jurisdiction). Subject to Section 11.3 of this Agreement, any legal proceeding, action or suit arising out of or related to the Transaction may be instituted in the federal courts of the United States of America located in the Northern District of California or the courts of the State of California located in the County of Santa Clara, and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such proceeding, action or suit.
- (b) EACH PARTY ABSOLUTELY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION.
- (c) NOTWITHSTANDING ANYTHING TO THE CONTRARY ELSEWHERE IN THIS AGREEMENT, NO PARTY TO THIS AGREEMENT (OR ANY OF ITS AFFILIATES) SHALL, IN ANY EVENT, BE LIABLE TO THE OTHER PARTIES (OR ANY OF THEIR AFFILIATES) FOR SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY, INCIDENTAL OR INDIRECT DAMAGES, COSTS, EXPENSES, CHARGES OR CLAIMS.

12.4 Benefit; Assignment.

Subject to any specific provisions of this Agreement to the contrary, this Agreement is not assignable by any Party hereto without the prior written consent of the other Party.

12.5 Reproduction of Documents.

This Agreement and all documents relating hereto, including (a) consents, waivers and modifications which may hereafter be executed, (b) the documents delivered at the Closing, and (c) certificates and other information previously or hereafter furnished by one Party to the others, may, subject to the provisions of Section 11.2 hereof, be reproduced by any photographic, photostatic, microfilm, photographic or other similar process. HSCC and Chapters agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial, arbitral or administrative Proceeding (whether or not the original is in existence) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

12.6 Costs of Transaction.

Except as otherwise provided herein, the Parties agree as follows:

- (a) whether or not the Transaction shall be consummated, HSCC will pay the fees, expenses and disbursements of HSCC and its agents, representatives, accountants, and counsel incurred in connection with the Transaction or this Agreement; and
- (b) whether or not the Transaction shall be consummated, Chapters will pay the fees, expenses and disbursements of Chapters and its agents, representatives, accountants, and counsel incurred in connection with the Transaction or this Agreement.

12.7 Waiver of Breach.

No waiver by any Party of any provision of this Agreement or any breach or violation of any provision of this Agreement, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver. The waiver by any Party of any breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or other provision hereof.

12.8 Severability.

In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, unless doing so would result in an interpretation of this Agreement that is manifestly unjust.

12.9 No Inferences.

Inasmuch as this Agreement is the result of negotiations between sophisticated Parties of equal bargaining power represented by counsel, no inference in favor of, or against, either Party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such Party.

12.10 Sections and Headings.

The division of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

12.11 No Third-Party Beneficiaries.

The terms and provisions of this Agreement are intended solely for the benefit of Chapters and HSCC and their respective permitted successors or assigns, and it is not the intention of the Parties to confer, and this Agreement shall not confer, third-party beneficiary rights upon any other Person.

12.12 Entire Agreement; Amendment.

Except for the Confidentiality Agreement, this Agreement (together with the Schedules and Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous statements, communications, disclosures, failures to disclose, agreements, understandings, representations, warranties, promises, or covenants, whether oral, written, or otherwise, between or among the Parties with respect to such subject matter hereof other than those expressly set forth in this Agreement and the Confidentiality Agreement, as applicable. No modification or amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties.

12.13 Schedules and Exhibits.

Schedules and Exhibits referred to in this Agreement shall be attached hereto and incorporated herein by reference. Notwithstanding any other provision hereof, should any Schedule or Exhibit not be completed and attached hereto as of the date hereof, Chapters and HSCC shall promptly and in good faith prepare and finalize such Schedule and Exhibit as soon as reasonably practical, but no later than ten (10) calendar days prior to the Closing. The Parties shall also have the right to modify their respective Schedules and Exhibits after being submitted to the reviewing Party, provided that any such update shall be provided to the reviewing Party at least ten (10) calendar days prior to the Closing. In the event that any Schedule or Exhibit, or updated Schedule or Exhibit materially changes the terms of the Transaction, the reviewing Party may terminate this Agreement by giving written notice thereof to the other Party within five (5) calendar days after such reviewing Party has received any such Schedule or Exhibit. If such reviewing Party does not terminate this Agreement in accordance with the provisions of this Section 12.13 after such reviewing Party has received any such Schedule or Exhibit, such reviewing Party shall have been deemed to have accepted such Schedule or Exhibit, and any representation or warranty to which it relates shall be deemed qualified and amended to include the matters contained in such Schedule or Exhibit, and to have cured any misrepresentation or breach thereof that otherwise might have existed or occurred hereunder or thereunder or in respect thereof. All Schedules and Exhibits and updated Schedules and Exhibits to be provided pursuant to this Section 12.13 shall be submitted to the reviewing Party in accordance with the notice provisions set forth in Section 12.1 of this Agreement. Nothing in this Section 12.13 is intended as a waiver of either Party's conditions precedent to Closing under Article 8 or Article 9, respectively.

12.14 Further Assurances.

On and after the Closing Date, Chapters and HSCC will take all appropriate action and execute all documents, instruments or conveyances of any kind which may be reasonably necessary or advisable to carry out the terms and conditions of this Agreement.

12.15 Waiver of Certain Damages.

In no event shall any Party be entitled to recover or make a claim under this Agreement for any amounts in respect of, and in no event shall any damages, liabilities, costs, expenses, losses, or other adverse consequences be deemed to include, (a) punitive damages (unless payable to a third party), (b) consequential, incidental, special, or indirect damages, or (c) lost profits, loss of future revenue or income, or any diminution of value or similar damages based on “multiple of profits” or “multiple of cash flow” or other valuation methodology, whether or not such damages were reasonably foreseeable or the Parties contemplated that such damages would be a probable result of a breach of this Agreement.

12.16 Survival and Non-Recourse of Representations and Warranties.

None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. No Party or Party’s directors, officers, agents, employees, or advisors (collectively, the “Party’s Agents”) shall have any liability (whether in contract or in tort or otherwise) from and after the Effective Time arising out of or relating to any representation or warranty of such Party contained herein or in any instrument delivered pursuant hereto; and, from and after the Effective Time, each Party hereby waives, to the fullest extent permitted by Law, any and all claims, rights or remedies such Party may have (whether at law or in equity or otherwise) against another Party and that Party’s Agents arising out of or relating to any breach or misrepresentation by such other Party of any its representations or warranties in this Agreement or in any instrument delivered pursuant to this Agreement. This Section 12.16 shall not limit any covenant or agreement of the Parties which by its terms contemplates performance after the Effective Time.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their authorized officers, all as of the date and year first above written.

CHAPTERS:

**CHAPTERS HEALTH SYSTEM, INC., a
Florida not for profit corporation**

By: _____

Name: _____

Andrew K. Molosky

Title: _____

President/CEO

HSCC:

**HOSPICE SANTA CRUZ COUNTY, a
California nonprofit public benefit corporation**

By: _____

Name: _____

CATHY CONWAY

Title: _____

CEO