

SECTION 999.5(d)(11)(B)

4) Draft LOI from Solheim to HumanGood SoCal dated January 12, 2022



January 12, 2022

HumanGood SoCal

Dan Ogus, CEO

VIA EMAIL

Re: Windsor Community, 1230 E Windsor Rd, Glendale, CA 91205

Dear Dan:

This letter of intent (“Letter of Intent”) will set forth the proposal by Solheim Lutheran Home dba Solheim Senior Community, a California nonprofit public benefit corporation (“Buyer”), to purchase the above-referenced Senior Living Community from HumanGood SoCal, a California nonprofit public benefit corporation (“Seller”) (jointly, the “Parties”). **Except for Sections 3.3 and 8, which are intended to be legally binding, this Letter of Intent is not intended to be nor shall it be construed as a legally enforceable agreement.** This Letter of Intent is meant only for the mutual convenience of the Parties in the course of negotiating in good faith to enter into a further and formal Purchase Agreement (as defined below), in accordance with the following terms and provisions:

1. Description of Assets.

Buyer proposes to purchase, and Seller proposes to sell, all of the assets of a certain Senior Living Community located at 1230 E Windsor Rd, Glendale, CA 91205, commonly known as the “Windsor”. The assets of the Facilities (“Assets”) to be purchased and sold under the Purchase Agreement consist of the following:

- (a) All of Seller’s right, title and interest to the real property and in the Facilities, including without limitation, all improvements, fixtures leases, rights, privileges, easements, development rights, land use entitlements, building permits, licenses, permits, certificates, utilities, air rights, water rights, rights of way, and all other appurtenances of any kind in connection with the beneficial use and enjoyment of the real property thereon (collectively, all “Real Property”).

- (b) All of Seller's right, title and interest in any intangible property rights pertaining to the Facility, including operating materials and methods, trade secrets, service marks, any associated logos, any and all attendant state and/or federal service mark registrations, telephone numbers, facsimile numbers, websites, and the goodwill and going concern of the business of the Facility (collectively, all "Intangible Property").
- (c) All of Seller's personal property at the Facility, including without limitation, furniture and furnishings, equipment, and inventory used at the Facilities (collectively, all "Personal Property").

2. Purchase Price.

2.1 Price. Subject to further good faith negotiations between the Parties to arrive at an exact price, at the time of the signing of this Letter of Intent, the Parties currently anticipate that the purchase price ("Purchase Price") for the Facility shall likely fall somewhere between \$10,000,000 - \$15,000,000. The Parties also contemplate that some portion of that Purchase Price may be satisfied via a separate transfer and sale (from Buyer to Seller) of all of the assets and interest that Buyer currently holds in a second property which is located at 2223 Fair Park Avenue, Los Angeles, CA 90041. Subject to further good faith negotiation between the parties to arrive at an exact price with respect to this second property, at the time of the signing of this Letter of Intent, the Parties currently estimate that the value of this second property located at 2223 Fair Park Avenue shall likely fall somewhere between \$6,000,000 - \$8,000,000. The Parties shall also determine, at a later date and via further negotiations in good faith, whether the purchase of this second property located at 2223 Fair Park Avenue shall also occur pursuant to the terms of Section 6, below, or whether it shall occur pursuant to other and different terms which shall then be negotiated with respect to this second real estate transaction.

2.2 Deposit. Within two (2) business days following execution of a definitive and binding Purchase Agreement (as defined below), Buyer will deposit the sum of \$250,000 (the "Initial Deposit") with Commonwealth Land Title ("Title Company"). An additional deposit of \$250,000 (the "Second Deposit," and together with the Initial Deposit, comprising the full "Deposit") will be required upon completion of the Due Diligence Period set forth in Section 3 hereof. The Deposit shall be held by Title Company in an interest-bearing account designated by Buyer with all accrued interest for the benefit of Buyer.

3. Due Diligence.

3.1 Due Diligence Period. For a period of ninety (90) days from and after the execution and delivery of this Letter of Intent (the "Due Diligence Period"), Buyer, at Buyer's expense, shall be entitled to review and investigate the physical and environmental condition of the subject property, the character, quality, and general utility of the Assets, the zoning, land use, environmental and building requirements, and restrictions applicable to the Real Property and its development, the state of title to the Assets, any leases or other agreements effecting the Assets, all applicable licensing matters and all

other matters Buyer feels are necessary to evaluate all Assets and determine its acceptability to Buyer. If, during the Due Diligence Period, Buyer determines that the Assets are not acceptable for any reason in Buyer's discretion, Buyer shall have the right, by giving written notice to Seller on or before the last day of the Due Diligence Period, to terminate this letter of intent. If Buyer does not exercise the right to terminate this Letter of Intent in accordance with this Section, then this Letter of Intent shall continue in full force and effect.

3.2 Cooperation. Seller hereby grants to Buyer and Buyer's representatives the right to enter onto the Real Property during the Due Diligence Period to conduct inspections for its due diligence and to inspect and copy the files of Seller relating to the Assets. Seller shall deliver to Buyer any and all due diligence information reasonably requested by Buyer within ten (10) business days of Buyer's request. Buyer shall defend, indemnify, and hold Seller harmless against any losses, damages, costs and expenses, including reasonable attorney's fees and disbursements, arising from any entry on the Real Property by Buyer or any of its representatives to conduct due diligence (other than the discovery of pre-existing conditions).

3.3 Confidentiality. Buyer agrees to keep all such information confidential and not to disclose any such information to any third party except the extent necessary to carry out their responsibilities to assist Buyer in its due diligence pursuant to this Section 3 and in the consummation of the purchase contemplated hereby.

4. Title and Condition of the Property.

4.1 Title. Seller shall convey to Buyer all of Seller's right, title, and interest into the Assets by grant deed free and clear of all liens, encumbrances, claims, easements, restrictions, covenants, and conditions except the following exceptions ("Permitted Exceptions"): (i) the lien of supplementary taxes; (ii) real property taxes not yet due; (iii) any existing leases approved by Buyer, if any; (iv) easements, restrictions and rights of way and other exceptions shown in the preliminary report approved in writing by Buyer; and (v) exceptions shown by a survey approved by Buyer.

5. Conditions Precedent to Closing. The obligations of Buyer to purchase the Assets or any portion of it shall be subject to such conditions as are specified in a future and further Purchase Agreement (as defined below), including without limitation:

- (a) Approvals. All consents, approvals, and other authorizations of any governmental agencies and third parties required for the Buyer's intended use of the Assets will have been obtained, without the imposition of conditions unsatisfactory to Buyer.
- (b) Title Insurance. Title Company's issuance to Buyer of Title Company's ALTA Owner's Policy of Title Insurance together with all endorsements required by Buyer ("Title Policy") in the amount of the applicable Purchase Price, subject only to the Permitted Exceptions.

(c) Licensure of Buyer. To the extent required by applicable regulatory authorities, Buyer will have been licensed by the State of California to operate the Senior Living Community with the same authorization, right, and privileges that Seller currently holds (collectively, "Licenses") as of the Closing Date. It is the intention of the parties, however, to enter into an arrangement at Closing providing for continued operation of the Facility for Buyer's benefit pending issuance of the Licenses to the extent permitted by applicable regulatory authorities. Buyer shall use its commercially reasonable efforts to obtain the Licenses.

6. Title Company, Closing, Prorations and Expenses.

6.1 Closing. The purchase of the Assets ("Closing") shall occur through an escrow with Commonwealth Land Title ("Title Company") at 4100 Newport Place Drive, Suite 120 Newport Beach, CA 92660, on a date specified by Buyer, which date is to be no more than one hundred and twenty (120) days after expiration of the Due Diligence Period ("Closing Date"), subject to extension to a specified outside closing date if required to obtain (i) any required permitting or regulatory approvals (to the extent the applicable regulatory authorities do not permit a leaseback arrangement), or (ii) the attorney general's approval of the sale transaction, to be further addressed in the Purchase Agreement. Prior to the Closing Date, Seller and Buyer each shall give appropriate written escrow instructions.

6.2 Title Policy. On the Closing Date, Title Company shall be obligated to issue and shall issue to Buyer a Title Policy in an amount equal to the total Purchase Price for the Assets, subject only to the Permitted Exceptions. Seller shall transfer possession of the Assets to Buyer on the Closing Date.

6.3 Closing Costs. For each closing contemplated hereunder, Seller shall pay 50% of escrow charges, any transfer taxes, and the base premium for the Title Policy. Buyer shall pay 50% of escrow charges, any lender's policy, and any extended coverage and all endorsements to the Title Policy. All other closing costs shall be allocated in accordance with the custom in Los Angeles County.

6.4 Prorations. At the Closing on the Closing Date, the current installment of real property taxes and assessments, rent, if any, and all current operating expenses of the Assets shall be prorated between Seller and Buyer as of such date on the basis of a 30-day month.

7. Purchase Agreement.

The parties agree to negotiate in good faith a future and further standard purchase agreement ("Purchase Agreement") in accordance with the above business terms. All references herein to this Agreement shall also be applicable to that Purchase Agreement.

8. Exclusivity.

The Parties agree that during the Due Diligence Period, Seller will not solicit, offer, discuss, accept, or permit any representative to solicit, offer, discuss, or accept from any person or entity the sale of all or any portion of the Assets.

9. Brokers.

Each Party shall be responsible for all broker's fees or other commissions payable to any broker or any other person engaged by it in connection with the proposed transaction. Each Party shall also indemnify, defend, and hold harmless the other party from and against any and all claims for amounts owed in connection with the consummation of the proposed transaction made by any broker or other person through whom any such broker or finder makes a claim.

10. Expiration of Offer.

This offer will remain open until 5:00 p.m. Pacific Standard Time on January 14, 2022, at which time, unless accepted in writing, it will terminate automatically.

I am authorized to make this offer on behalf of Buyer. If the above correctly sets forth our understanding, please execute a copy of this letter and return it to me.

Very truly yours,

Sam Oden
Chief Executive Officer, Solheim Senior Community

AGREED TO BY HUMANGOOD SOCIAL:

By:

SECTION 999.5(d)(11)(C)

1) Letter of Intent received from Ararat Home of Los Angeles dated March 24, 2022

March 24, 2022

Daniel Ogus, Chief Operating Officer
HumanGood SoCal
516 Burchett Street
Glendale, California 91203

Dear Mr. Ogus:

On behalf of the Ararat Home of Los Angeles, Inc. (“Ararat Home”), we are pleased to present this Letter of Intent (“LOI”) to purchase the assets, business operations, land and building (“Proposed Transaction”) of HumanGood SoCal’s Windsor facility located at 1230 E. Windsor Road, Glendale, CA (“Windsor”). The Ararat Home and HumanGood SoCal have long histories of providing a common vision of helping older adults live their best lives possible, and they share a mutual respect of each group’s values and integrity. We are confident this opportunity brings together two well-aligned company cultures that will impact the senior living, health care supportive service marketplace in a positive way.

The Ararat Home is prepared to move forward immediately with the steps to complete the Proposed Transaction. Based on the Ararat Home’s familiarity with Windsor and the financial and business information provided, we believe the Ararat Home is uniquely situated to complete the Proposed Transaction with you. Accordingly, we request that you favorably consider our proposal to consummate the Proposed Transaction pursuant to the following terms:

1. Assets Purchased. The transaction will be structured as an asset purchase pursuant to a mutually satisfactory purchase agreement (“Purchase Agreement”) to be executed by Ararat Home and HumanGood SoCal. The Ararat Home will purchase all of the assets, excluding cash, of HumanGood SoCal’s Windsor facility, including the land, building, fixtures and equipment and all other operating assets at the location, as outlined in this LOI and to be further described in the Purchase Agreement (“Assets”); provided Ararat Home acknowledges and agrees that Ararat Home will not be purchasing the name “HumanGood” and any variation thereof, as well as any service marks, any associated logos or logo-types, any and all attendant state and/or federal service mark registrations, or other similar descriptive items, and that HumanGood SoCal and its affiliates will continue to use the name HumanGood post-closing. At closing, HumanGood SoCal will grant to Ararat Home a non-exclusive, nontransferable, limited license to use the name “HumanGood” and all associated logos in connection with Ararat’s ownership and management of the Facility post-closing, which license shall remain in place for a period of ninety (90) days post-Closing.

2. Purchase Price. Subject to any adjustments provided herein, the aggregate purchase price to be paid by the Ararat Home will be (a) Fourteen Million Eight Hundred Thousand Dollars (\$14,800,000.00) plus (b) the amount of Assumed Liabilities (as defined below). Within two (2) business days of the signing of the Purchase Agreement, Ararat Home will deposit with Commonwealth Land Title (“Title Company”) at 4100 Newport Place Drive, Suite 120, Newport Beach, CA 92660, Attention: Kelly Ralph, a deposit in the amount of Two Hundred Fifty Thousand Dollars (\$250,000), which shall remain refundable to the Ararat Home until it completes its investigation and approves moving forward with the transaction by the end of the Due Diligence Period (as described below). Assuming Ararat elects to proceed with closing, upon the expiration of the Due Diligence Period (as described below), Ararat will deposit with Title Company an additional deposit in the amount of Two Hundred Fifty Thousand Dollars (\$250,000). At closing, HumanGood SoCal shall pay fifty percent (50%) of escrow charges, any county transfer taxes, and the base premium for the title policy to be issued to Ararat Home at closing. Ararat Home shall pay fifty percent (50%) of escrow charges, any lender’s policy, and any extended coverage and all endorsements to the title policy. All other closing costs shall be allocated in accordance with the custom in Los Angeles County. At Closing, the current installment of real property taxes and assessments, rent, if any, and all current operating expenses of the Assets shall be prorated between Ararat Home and HumanGood SoCal as of such date on the basis of a thirty (30) day month.
3. Assumed Liabilities. Upon closing the Proposed Transaction, the Ararat Home will not assume any liabilities of HumanGood SoCal, except accrued salaries/wages and deposits relating to Windsor, all obligations arising under the resident and occupancy agreements and under any leases/service contracts assumed by Ararat Home arising after closing, outstanding trade accounts payable incurred by HumanGood SoCal in the ordinary course of the Windsor facility’s business and any other liabilities expressly assumed by Ararat Home under the terms of the Purchase Agreement (“Assumed Liabilities”).
4. Purchase Agreement. As soon as reasonably practicable after the execution of this LOI, the parties shall commence negotiation of the Purchase Agreement. The Purchase Agreement shall include, without limitation, (i) the terms and conditions summarized in this LOI, (ii) an agreed net working capital at closing; and (iii) such other representations, warranties, conditions, covenants, indemnities, escrows and other terms that are customary for transactions of this kind.
5. All Cash Purchase. The Ararat Home intends to fund the Proposed Transaction with existing cash, so bank financing is not currently contemplated for the Proposed Transaction.
6. Due Diligence Period; Access to Information. For a period of sixty (60) days from and after the execution of the Purchase Agreement (“Due Diligence Period”), Ararat Home,

at Ararat Home's expense, shall review and investigate the physical and environmental condition of the Assets, the character, quality, and general utility of Windsor, the zoning, land use, environmental and building requirements, and restrictions applicable to the Assets and its development, the state of title to the Real Property, any leases or other agreements effecting the Assets, all applicable licensing matters and all other matters Ararat Home feels is necessary to evaluate the Assets and the Proposed Transaction and determine its acceptability to Ararat Home. If, during the Due Diligence Period, Ararat Home determines that the Assets are not acceptable for any reason in Ararat Home's discretion, Ararat Home shall have the right, by giving written notice to HumanGood SoCal on or before the last day of the Due Diligence Period, to terminate the Purchase Agreement. In order to permit completion of the Ararat Home's due diligence during the Due Diligence Period on the timeframe set forth herein, the Ararat Home and its advisors must have reasonable access to HumanGood SoCal, the department heads at the Windsor facility, and outside advisors. Accordingly, upon advance notice to HumanGood SoCal's management, HumanGood SoCal and its outside advisors will provide the Ararat Home and its representatives access to HumanGood SoCal's books and records, contracts, facilities, key personnel, suppliers, independent accountants and attorneys, and all other documents and data, as reasonably requested by the Ararat Home in connection with the completion of the Proposed Transaction. HumanGood SoCal shall cooperate with the Ararat Home as may be necessary to facilitate its investigation of Windsor and shall provide such assistance as is reasonably requested.

7. Brokers, Professional Fees and Expenses. HumanGood SoCal and the Ararat Home represent to each other that no person is entitled to any finder's or broker's fee or commission in connection with the Proposed Transaction. HumanGood SoCal and the Ararat Home shall be responsible for its own expenses incurred in connection with the Proposed Transaction.
8. Closing. HumanGood SoCal and the Ararat Home shall close the Proposed Transaction immediately upon receipt of approval of the issuance of the applicable licenses and permits from the California Department of Public Health and the Department of Social Services for RCFE or CCRC, and receipt of approval from the attorney general's office approving the Proposed Transaction. It is the intention of both parties to use all reasonable efforts to expedite this transaction as quickly as possible.
9. Cooperation and Exclusivity. HumanGood SoCal and the Ararat Home Line will cooperate in good faith and expeditiously in the preparation of the documents and the taking of other actions necessary to carry out the Proposed Transaction. HumanGood SoCal agrees that, from the date of execution of this LOI until the earlier of (i) April 30, (ii) the Closing of the Proposed Transaction or (iii) the termination of this LOI by mutual written agreement of HumanGood SoCal and the Ararat Home, HumanGood SoCal shall not (a) negotiate the terms of, or enter into, any agreement, letter of intent or term sheet with any third party for the sale of the Assets, or (b) enter into discussions with one or more third parties regarding a possible sale of assets or stock/membership interests, related to the Assets.

10. Nondisclosure. HumanGood SoCal and the Ararat Home shall enter concurrently herewith into a mutual non-disclosure agreement. Except as may be required by law, HumanGood SoCal and the Ararat Home agree not to disclose the existence of this LOI or its terms without the prior written approval of the other party. Notwithstanding this requirement, each party may, subject to the restrictions in the applicable mutual non-disclosure agreement, disclose the existence of this LOI and its terms, on a need-to-know basis, to such party's employees, counsel, accountants, investors, financing sources, and other professional advisors.

11. Governing Law. This LOI shall be governed by and construed in accordance with the internal laws of the State of California. The venue for any disputes concerning this LOI shall be at a court of competent jurisdiction in California.

12. Nonbinding Agreement. The LOI is intended to provide a basis for the preparation of a Purchase Agreement. Until such agreement has been prepared and executed and delivered by each of the parties, none of the provisions of this letter shall be binding upon any party except for the agreements and obligations contained in paragraphs 9 through 11. In the event the parties fail to enter into a mutually satisfactory Purchase Agreement on or before April 30, 2022, or unless this LOI is earlier terminated as provided herein, the understandings contained in this LOI, unless extended by mutual agreement of the parties, shall terminate without any liability of a party to the other party.

13. Expiration. We appreciate your consideration for this proposal and request your response by 5:00 p.m. PST on April 10, 2022.

We hope that this LOI conveys our enthusiasm for the opportunity. We look forward to hearing from you soon.

Sincerely yours,

Ararat Home of Los Angeles, Inc.

By: 

Joseph Kanimian, Chairman

**Accepted and Agreed
HumanGood SoCal**

By:

Daniel Ogus, Chief Operating Officer

Section 999.5(d)(11)(H)

1) Ararat Home of Los Angeles Pro Forma Post-Transaction Balance Sheet dated May 31, 2022

ARARAT HOME OF LOS ANGELES, INC.
 COMBINED BALANCE SHEET
 May 31, 2022

	Pre-Purchase Balance Sheet	Windsor Adjustments	Pro-Forma Post Purchase Balance Sheet
CURRENT ASSETS			
TOTAL CASH IN BANK	20,656,203	(14,250,000)	6,406,203
TOTAL ACCOUNTS RECEIVABLE	3,627,866		3,627,866
TOTAL OTHER CURRENT ASSETS	<u>761,755</u>		<u>761,755</u>
TOTAL CURRENT ASSETS	25,045,824	(14,250,000)	10,795,824
LAND, BUILDINGS & EQUIP, NET	44,424,623	14,250,000	58,674,623
MUSEUM CLEARING ACCT	44,096		44,096
CAPITAL REPLACEMENT FUND	246,846		246,846
ENDOWMENT FUND	<u>17,362,716</u>		<u>17,362,716</u>
TOTAL OTHER ASSETS	<u>17,653,658</u>	-	<u>17,653,658</u>
TOTAL ASSETS	<u>\$87,124,105</u>	-	<u>\$87,124,105</u>
LIABILITIES & EQUITY			
TOTAL ACCOUNTS PAYABLE	963,582		963,582
TOTAL OTHER CURRENT LIABILITIES	<u>2,075,664</u>		<u>2,075,664</u>
TOTAL CURRENT LIABILITIES	3,039,247	-	3,039,247
TOTAL EQUITY	<u>84,084,858</u>		<u>84,084,858</u>
TOTAL LIABILITIES & EQUITY	<u>\$87,124,105</u>	-	<u>\$87,124,105</u>