

RESOLUTION NO. 50-2014

Member Tomfo introduced and moved the adoption of the following resolution and Member Shelton seconded the motion:

**RESOLUTION OF THE UNION COUNTY IMPROVEMENT AUTHORITY
AUTHORIZING THE EXECUTION OF AN AGREEMENT BY AND BETWEEN
THE AUTHORITY AND THE COUNTY OF UNION FOR THE PURCHASE
AND SALE OF RUNNELLS SPECIALIZED HOSPITAL**

WHEREAS, The Union County Improvement Authority (the "Authority") has been duly created by an Ordinance of the Board of Chosen Freeholders together with any successor legislative body, the ("Board of Freeholders") of the County of Union, State of New Jersey (the "County") duly adopted as a public body corporate and politic of the State of New Jersey (the "State") pursuant to and in accordance with the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); and

WHEREAS, the County of Union is a political subdivision of the State of New Jersey that owns and operates the Runnells Specialized Hospital (the "Hospital"), a Medicaid-certified and Medicare-certified facility, licensed by the New Jersey Department of Health and the Department of Human Services, which includes a 300-bed licensed long-term care unit ("LTCU") and a separate 44-bed licensed adult psychiatric facility ("APF"), located at 40 Watchung Way, Berkeley Heights, New Jersey; and

WHEREAS, in 2012, the County retained Complete HealthCare Resources-Eastern, Inc. ("CHR") to independently and objectively analyze and evaluate possible options for the Hospital to reduce costs and enable the Hospital to react to a changing health-care environment while continuing to provide high-quality care and services to its residents now and in the future; and

WHEREAS, CHR issued a report entitled Analysis and Development of Options for County of Union Runnells Specialized Hospital dated January 15, 2013 (the "CHR Report"), which concluded that due to declining reimbursements, decreasing occupancy rates and Medicare census, rising employee and operational costs and capital expense requirements, the County should consider several options for the continuation of the Hospital, such as revenue enhancements, expense reductions and alternative ownership; and

WHEREAS, based upon the conclusions and recommendations of the CHR Report, the County determined to explore transferring the Hospital operations to the Union County Improvement Authority for the possible transfer of such operations to a third-party, while simultaneously evaluating methods of revenue enhancement and expense reduction; and

WHEREAS, in 2013, as authorized by their respective governing bodies, the County and the Authority entered into a Memorandum of Understanding; pursuant to which the Authority undertook a Request for Qualifications and Proposals ("RFQ/P") process seeking a private provider that wished to purchase or lease the Hospital; and

WHEREAS, the Authority established a Review Committee for the RFQ/P process, which received five (5) proposals, and the Committee determined to proceed to interview four (4) of the proposers (the "Proposers"), having found one (1) proposal incomplete; and

WHEREAS, the Review Committee interviewed the Proposers no less than twice, and obtained additional information to assist the Review Committee with its evaluation of the Proposals; and

WHEREAS, on or about February 28, 2014, based on the proposals, additional information, and the Proposers' best and final offers, the Review Committee recommended Center Management Group LLC ("Center Management") as the Proposer with which to negotiate for a contract of sale of the Hospital; and

WHEREAS, on March 13, 2014, the Board of Freeholders adopted Resolution 2014-241, authorizing the Review Committee to negotiate an agreement for the purchase and sale of the Hospital with Center Management so that the County may effectuate the transfer of the ownership and operation of the Hospital through (a) the sale and conveyance of the Hospital Assets; (b) the transfer of the County's licenses to operate the Hospital; and (c) a Transition Plan that will ensure the seamless transition of the Hospital operations from the County; and

WHEREAS, the Review Committee and Center Management Group, have substantially completed their negotiations and by its Resolution 2014-421 the Board of Freeholders authorized the County Manager to enter into an agreement between the County of Union and the Authority providing for the purchase and sale of Runnells Specialized Hospital for Twenty Six Million Dollars (\$26,000,000.00) and other good and valuable consideration (the "Agreement"); and

WHEREAS, the Authority wishes to enter into the Agreement to establish the terms and conditions under which the County will convey, and the Authority will accept, the Hospital Real Property and the Hospital Business Assets at and following the Closing; and

WHEREAS, this Board has determined that the Agreement attached hereto and made a part hereof is in the in the best interests of the Authority, the County and County residents; and

WHEREAS, the County will continue to hold the Hospital Licenses and operate the Hospital until Center Management has initiated a safe and efficient Transition Plan, and the Closings can occur as described in that certain agreement by and between the Authority and Center, pursuant to which the Hospital Real Property and the Hospital Business Assets will be transferred and conveyed from the Authority to Center; and as also described in that certain agreement by and between the County and Center Management, pursuant to which Center Management will obtain approval from the Department of Health and the Department of Human Services to operate the Hospital in accordance with the Hospital Licenses issued by the same and the County will transfer the operations of the Hospital to Center;

NOW, THEREFORE, BE IT RESOLVED by the Union County Improvement Authority that the Authority is authorized to enter into the Agreement, substantially in the form attached hereto and made a part hereof, between the Authority and the County for the purchase and sale of the Hospital Real Property and the Hospital Business Assets; and

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized by this Board to execute the Agreement and any/or all documents necessary to effectuate the purposes of this Agreement, upon approval by the Authority's General Counsel; and

BE IT FURTHER RESOLVED that his Resolution shall take effect immediately upon adoption.

Recorded Vote

NAMES	AYE	NO	ABSTAIN	ABSENT
Sebastian D'Elia, Commissioner	✓			
Linda Hines, Commissioner		-		✓
Samuel T. McGhee, Commissioner	✓			
Cherron Rountree, Vice Chairperson	✓			
John Salerno, Secretary	✓			
Bryan Tomko, Treasurer	✓			
Carolyn Vollero, Commissioner				✓
Anthony R. Scutari, Chairperson	✓			

CERTIFICATION

I, JOHN SALERNO, Secretary of the Union County Improvement Authority, HEREBY CERTIFY that the foregoing **RESOLUTION OF THE UNION COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE EXECUTION OF AN AGREEMENT BY AND BETWEEN THE AUTHORITY AND THE COUNTY OF UNION FOR THE PURCHASE AND SALE OF RUNNELLS SPECIALIZED HOSPITAL** is a true copy of a resolution adopted by the governing body of the Authority on May 21, 2014.

UNION COUNTY IMPROVEMENT AUTHORITY

By: _____

JOHN SALERNO, Secretary

Dated: May 21, 2014
[SEAL]

**AGREEMENT BY AND BETWEEN THE COUNTY OF UNION
AND THE UNION COUNTY IMPROVEMENT AUTHORITY
FOR THE PURCHASE AND SALE OF
RUNNELLS PECIALIZED HOSPITAL**

THIS AGREEMENT, made this ____ day of _____, 2014 (the "Agreement"), by and between the COUNTY OF UNION, NEW JERSEY, a political subdivision of the State of New Jersey, located at Union County Administration Building, 10 Elizabethtown Plaza, Elizabeth, New Jersey 07207 (the "County"), THE UNION COUNTY IMPROVEMENT AUTHORITY, a public body corporate and politic of the State of New Jersey, located at 1499 Route 1 and 9, Rahway, New Jersey 07065 (the "UCIA"), (the UCIA and the County are sometimes referred to herein as "Parties")

W-I-T-N-E-S-S-E-T-H:

WHEREAS, the County owns and operates the Runnells Specialized Hospital (the "Hospital"), a Medicaid-certified and Medicare-certified facility, licensed by the New Jersey Department of Health ("DOH") and the New Jersey Department of Human Services ("DHS"), which includes a 300-bed licensed long-term care unit ("LTCU") and a separate 44-bed licensed adult psychiatric facility ("APF"), located at 40 Watchung Way, Berkeley Heights, New Jersey; and

WHEREAS, the Hospital is and has been in operation since 1912, when it was constructed as a public tuberculosis sanitarium, and since the 1970's, when a new Hospital was built, the Hospital has been providing long-term nursing care, rehabilitation services and psychiatric services to County residents and others, and

WHEREAS, since 2006, federal and state governments began to move money away from nursing homes to community-based agencies and home care options for senior citizens, and the New Jersey Independence, Dignity and Choice in Long-Term Care Act ensures senior citizens the choice to remain in the community or at home, and

WHEREAS, since 2006, New Jersey's Medicaid Program and the federal government have been underfunding long-term care facilities, and Medicare/Medicaid rates have been reduced each year, making it difficult for any county to operate a nursing home; and

WHEREAS, because most of the Hospital residents are Medicaid eligible, the County must subsidize the Hospital operations to a greater and greater extent each year, and

WHEREAS, in 2012, the County retained Complete HealthCare Resources-Eastern, Inc. ("CHR") to independently and objectively analyze and evaluate possible options for the Hospital to reduce costs and enable the Hospital to react to a changing health-care environment while

continuing to provide high-quality care and services to its residents now and in the future; and

WHEREAS, CHR issued a report entitled *Analysis and Development of Options for County of Union Runnells Specialized Hospital* dated January 15, 2013 (the "CHR Report"), which concluded that due to declining reimbursements, decreasing occupancy rates and Medicare census, rising employee and operational costs and capital expense requirements, the County should consider several options for the continuation of the Hospital, such as revenue enhancements, expense reductions and alternative ownership; and

WHEREAS, based upon the conclusions and recommendations of the CHR Report, the County determined to explore transferring the Hospital operations to the Union County Improvement Authority for the possible transfer of such operations to a third-party, while simultaneously evaluating methods of revenue enhancement and expense reduction; and

WHEREAS, the Authority was duly created by an ordinance of the Board of Chosen Freeholders (the "Board of Freeholders") of the County, as a public body corporate and politic of the State of New Jersey (the "State") pursuant to and in accordance with the county improvement authorities law, N.J.S.A. 40:37A-34 *et seq.*, pursuant to which the Authority is authorized to cooperate and plan with the County for the acquisition or operations of a public Hospital such as the Hospital, including the purchase of the County's rights, title and interest in the Hospital and the possible sale and lease back of the Hospital operations to a third party so as to provide for the continuous public operation of the Hospital; and

WHEREAS, in 2013, as authorized by their respective governing bodies, the County and the UCIA entered into a Memorandum of Understanding; pursuant to which the UCIA undertook a Request for Qualifications and Proposals ("RFQ/P") process seeking a private provider that wished to purchase or lease the Hospital; and

WHEREAS, the UCIA established a Review Committee for the RFQ/P process, which received five (5) proposals, and the Committee determined to proceed to interview four (4) of the proposers (the "Proposers"), having found one (1) proposal incomplete; and

WHEREAS, the Review Committee interviewed the Proposers no less than twice, and obtained additional information to assist the Review Committee with its evaluation of the Proposals; and

WHEREAS, the Review Committee obtained an independent appraisal of the Hospital, which appraised value was determined to be \$26,000,000; and

WHEREAS, on or about February 28, 2014, based on the proposals, additional information, and the Proposers' best and final offers, the Review Committee recommended Center Management Group LLC ("Center Management" or "Center") as the Proposer with which to negotiate for a contract of sale of the Hospital; and

WHEREAS, on March 13, 2014, the Board of Freeholders adopted Resolution 2014-241, a copy which is attached and made part hereof, authorizing the Review Committee to negotiate an agreement for the purchase and sale of the Hospital with Center Management so that the County may effectuate the transfer of the ownership and operation of the Hospital through (a) the sale and conveyance of the Hospital Assets (as more fully defined herein); (b) the transfer of the County's licenses to operate the Hospital; and (c) a Transition Plan that will ensure the seamless transition of the Hospital operations from the County, all as more fully described herein; and

WHEREAS, the Review Committee and Center Management successfully completed negotiations; and

WHEREAS, on May 15 2014, the Board of Freeholders adopted Resolution 2014-421 (a copy which is attached hereto as Exhibit B), authorizing the execution of this Agreement, and any other necessary agreements and documents, to effectuate the purchase and sale of the Hospital Real Property and the Hospital Business Assets from the County to the UCIA; and

WHEREAS, on May 15, 2014, the Board of Freeholders adopted Resolution 2014-422 (a copy which is attached hereto as Exhibit B), authorizing the execution of the Agreement by and between the County of Union and Center Management, and any other necessary agreements and documents, to effectuate the purchase and sale and transfer of the Hospital operations from the County to Center Management; and

WHEREAS, on May 21, 2014, the Board of Commissioners of the UCIA adopted Resolution 50-2014 (a copy which is attached hereto as Exhibit A), authorizing the execution of this Agreement, and any other necessary agreements and documents, to effectuate the purchase and sale of the Hospital Real Property and the Hospital Business Assets with the County; and

WHEREAS, the County will continue to operate the Hospital until the Closing has occurred; and **WHEREAS**, the County and the UCIA desire to enter into this Agreement to establish the terms and conditions under which the County will transfer the Hospital Real Property and the Hospital Business Assets to the UCIA.

NOW, THEREFORE, in consideration of the mutual premises and obligations set forth herein, the Parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

GENERAL

Section 1.1 Definitions. Words and terms that are used herein as defined terms shall (unless otherwise defined herein or unless the context clearly requires otherwise) have the following meanings:

"Act of Bankruptcy" means that the UCIA(a) shall have commenced a voluntary case

under any bankruptcy law, applied for or consented to the appointment of, or the taking of possession by, a receiver, trustee, assignee, custodian or, liquidator of all or a substantial part of its assets; (b) shall have failed, or admitted in writs inability generally, to pay its debts as such debts become due; (c) shall have made a general assignment for the benefit of creditors; (d) shall have been adjudicated a bankrupt, or shall have filed a petition or an answer seeking an arrangement with creditors; (e) shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding; or (f) an order, judgment or decree for relief in respect of the UCIA shall have been entered in an involuntary case, without the application, approval or consent of the UCIA by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator for the UCIA or for a substantial part of any of its assets and such order, judgment or decree shall continue unstated and in effect for any period of one hundred eighty (180) consecutive days; (g) the UCIA shall have filed a voluntary petition in bankruptcy; (h) the UCIA shall have failed to remove an involuntary petition in bankruptcy filed against it within one hundred eighty (180) days of the filing thereof; or (i) an order for relief shall have been entered against the UCIA under the provisions of the United States Bankruptcy Act, 11 U.S.C.A. § 301.

“Adult Psychiatric Care Unit” or “APCU” means the adult inpatient psychiatric care unit at the Hospital.

"Agreement" means this Agreement, including the Schedules hereto and any written amendments hereof or supplements hereto that may be executed from time to time by the Parties hereto.

“ALTA Policy” means a Standard American Land Title Association Owner's Form Policy of Title Insurance with respect to the Hospital Real Property, issued by a title insurance company selected by the UCIA and authorized to insure titles to real property in the State.

"Applicable Laws" means the laws affecting and applicable to the Hospital Assets and any statute, law, constitution, charter, ordinance, resolution, judgment, order, decree, rule, regulation, directive, interpretation, ordinance, standard or similarly binding authority, , which shall be enacted, adopted, promulgated, issued or enforced by a Governmental Body, relating to the Purchaser, the Hospital Assets, Property, the County and/or the UCIA (to the extent related to the Hospital and/or the Hospital Assets), including, but not limited to, permits, licenses, certificates of occupancy.

“APCU Licensed Capacity” means the 44 licensed beds in the APCU, as evidenced by the Certificate of Need.

"Center Management" means Center Management Group, LLC, a duly-organized limited liability corporation of the State of New York whose address is at 141-40 Union Turnpike, Flushing, New York 11367, or its successors or Permitted Assigns.

"Certificate of Need" means the Certificate of Need issued to the County by the DHS for or with respect to the operation of the APCU, or the Certificate of Need issued to the County by the DOH for or with respect to the operation of the LTCU.

"Closing Date" means October 1, 2014, or other such date as may be agreed upon by the Parties..

"Closing" means the date on which the RSH Real Property, the RSH Business Assets and the RSH Licensed Capacity are transferred and conveyed by the UCIA and the County to Center Management.

"County" or **"Union County"** means the County of Union, New Jersey, a municipal corporation of the State of New Jersey.

"Deposit" means \$100 which the UCIA shall pay to the County upon execution of this Agreement. The Deposit shall be delivered by bank or cashier's check, attorney trust account check, or by wire or electronic transfer to a designated account.

"DHS" means the New Jersey Department of Human Services or any successor agency to which the powers of the DHS have been transferred.

"DHS Approval" means approval by the DOH of the transfer of the County's License to operate the APCU to the Purchaser.

"DOH" means the New Jersey Department of Health or any successor agency to which the powers of the DOH have been transferred.

"DOH Approval" means approval by the DOH of the transfer of the Hospital Licenses from Union County to the Purchaser.

"Due Diligence" means the UCIA's right to examine and investigate the Hospital Assets for a period of 60 days following the Contract Date.

"Environmental Laws" means any and all federal, State, and local laws, statutes, ordinances, regulations, rules, codes, consent decrees, judicial or administrative orders or decrees, directives or judgments relating to pollution, damage to or protection of the environment, environmental conditions, or the use, handling, processing, distribution, generation, treatment, storage, disposal, manufacture or transport of Hazardous Substances, presently in effect or hereafter amended, modified, or adopted, including if, as and to the extent applicable, the *Comprehensive Environmental Response, Compensation and Liability Act* ("CERCLA") (42 U.S.C. sect. 9601-9675); the *Resource Conservation and Recovery Act of 1976* ("RCRA") (42 U.S.C. sect. 6901, et seq.), the *Clean Water Act* (33 U.S.C. sect. 1251, et seq.); the *New Jersey Spill Compensation and Control Act* (the "Spill Act") (N.J.S.A. 58:10-23.11, et seq.); the *Industrial Site Recovery Act*, as amended ("ISRA") (N.J.S.A. 13:1K-6, et seq.); the *New Jersey Underground Storage of Hazardous Substances Act* (N.J.S.A. 58:10A-21, et seq.), the *New Jersey Water Pollution Control Act* (N.J.S.A. 58:10A-1 et seq.); the *New Jersey Environmental Rights Act* (N.J.S.A. 2A:35A-1, et seq.); and the

rules and regulations promulgated thereunder.

"Environmental Permits" means all permits, authorizations, approvals, registrations, certificates, licenses or consents required by Environmental Laws in connection with the UCIA's ownership of the Hospital Assets and the County's operation of the Hospital.

"Event of Default" means any event which is specified as such under the terms of Article VI hereof.

"Excluded Assets" means any asset that is listed on Schedule B hereto, which shall not be subject to transfer, assignment or sale to the Purchaser in accordance with this Agreement.

"Governmental Body" means, as appropriate, any one or several of: the United States of America, the State, the County, or any court of competent jurisdiction, agency, UCIA, regulatory body or political subdivision of the United States of America, the State, the County or the UCIA that may have jurisdiction over or power and authority to regulate the Purchaser, the Hospital, the Hospital Assets, the County and/or the UCIA (to the extent related to the Hospital and/or the Hospital Assets).

"Hazardous Substance or Hazardous Materials" means any substance, chemical or waste that is listed as hazardous, toxic, a pollutant or contaminant, or dangerous under any Applicable Law, including, but not limited to, Environmental Laws.

"Environmental Permits" means all permits, authorizations, approvals, registrations,

"Hospital" means Runnells Specialized Hospital, located in Berkeley Heights, New Jersey, which is owned and operated by Union County.

"Hospital Assets" means, collectively, the Hospital Business Assets, the Hospital Licenses and the Hospital Real Property.

"Hospital Business Assets" means all assets of the Hospital (other than the Hospital Real Property, the Hospital Licensed Capacity, and Excluded Assets), including without limitation, (a) all equipment, machinery, fixtures, furniture, supplies, vehicles, computers and software belonging to the Hospital; (b) medical records, business records, and records of any other nature related to the Hospital Assets or the conduct or operation of the Hospital (to the extent that transfer of such records is permitted under the provisions of applicable law); (c) assignment of residents' trust accounts; (d) assignable rights under leases, contracts, accounts and franchises that Purchaser agrees to assume in writing; (e) the name Runnells Specialized Hospital and any and all other trade names, logos, trademarks and service marks (or variations thereof) associated with the Hospital Assets; (f) all menus, policies and procedures manuals and computer software subject to any license restrictions; (g) all telephone numbers, telefax numbers and domain names used by the Hospital; (h) ; goodwill; and (i) such other tangible property as shall be agreed to by the County and the UCIA and as more fully set forth in Schedule A hereto.

"Hospital Licenses" means all the licenses issued by the DOH to the County, pursuant to which the County is properly licensed to operate and operates the Hospital as a 300 bed long-term health care Hospital and a 44 bed adult psychiatric Hospital, together with all other rights and obligations the County may have, including, but not limited to, rights under any certificates of need issued by the DOH to the County with respect to the Hospital.

"Hospital Licensed Capacity" means the 300 licensed beds in the LTCU and the 44 licensed bed in the APCU combined, as evidenced by the Certificates of Need.

"Hospital Real Property" means the real property located at Block 4002, Lot 15; Block 3401, Lot 50; Block 3302, Lot 3 on the Tax Maps of the Township of Berkeley Heights, New Jersey, also known as 40 Watchung Way, Berkeley Heights, New Jersey, and all buildings and appurtenances thereon, including, but not limited to that certain solar panel installation located at and over a portion of the parking area for the Hospital, and that certain pump station (the "Pump Station") located on Block ____ Lot ____ on the Tax Maps of the Township of Berkeley Heights, New Jersey as illustrated on the site map attached hereto as Schedule Q and including but not limited to the description more fully set forth in Section 2.3 below

"LTCU" means the long-term care unit located in the Hospital.

"LTCU Licensed Capacity" refers to the 300 licensed beds in the LTCU, as evidenced by the Certificate of Need.

"Material" or "Material Adverse Effect" means any result, occurrence, fact, change, event or effect which, either singly, or in the aggregate, (a) has, or could reasonably be expected to have, a net negative monetary impact in excess of Twenty Five Thousand and 00/100 Dollars (\$25,000.00) upon the Hospital, the Hospital Business Assets, the Hospital Real Property, liabilities, capitalization, financial condition, or results of operations or upon the Transactions, or (b) results, or could reasonably be expected to result, in (i) a suspension or ban on admissions or payments to the Hospital or (ii) the limitation, suspension, loss or revocation of (a) any permit required by a Governmental Body to operate the Hospital as currently operated, or (b) the participation of the Hospital in the Medicare and/or Medicaid program.

Permitted Assigns" means any entity managed by Charles-Edouard Gros directly or through one or more other entities.

"Permitted Encumbrances" means any of the following encumbrances to the extent that such encumbrances do not materially impair the ability of the UCIA to utilize the Hospital Real Property in the manner contemplated by the terms of this Agreement:

(a) minor defects and irregularities in the title to the Hospital Real Property that do not materially impair use of the Hospital Real Property in the manner contemplated by the terms of this Agreement or render title to the Hospital Real Property unmarketable;

(b) easements, exceptions, restrictions or reservations, and rights-of-way for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, highways, railroad purposes, drainage and sewerage purposes, or canals, laterals, ditches, and other like

purposes, or for the joint and common use of the Hospital Real Property that do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held; provided, however, that the ALTA Policy issued at Closing affirmatively insures against Purchaser's loss or damage arising out of or relating to such items or by reason of any encroachment, overlap, boundary dispute or private easement, and further insures that none of such items interfere with the use of the Hospital Real Property as a long-term care Hospital and ancillary facilities;

(c) rights reserved to or vested in any municipality or governmental or other UCIA to control or regulate or use in any manner any portion of the Hospital Real Property which do not materially impair the use of such property in the manner contemplated by the terms of this Agreement, which are of record or specifically set forth herein in Schedule C. ;

(d) any obligations or duties affecting any portion of the Hospital Real Property of any municipality or governmental or other public authority with respect to any right, power, franchise, , grant, license or permit, which are of record or specifically set forth herein in Schedule C; and

(e) present or future zoning laws and ordinances, provided same does not limit the use of the Hospital Real Property as a Hospital, Long Term Care Hospital, or Psychiatric Hospital and the use of any of the current structures or improvements on the Hospital Real Property or the uses of the Hospital Real Property for such purposes.

"Person" means any individual, sole proprietorship, corporation, partnership, joint venture, limited liability company, trust, unincorporated association, urban renewal entity, institution, or any other entity.

"Purchase Price" means Twenty Six Million and 00/100 dollars (\$26,000,000), which sum the UCIA shall pay to the County at Closing, subject to any Closing Adjustments or other adjustments as defined fully herein. The Purchase Price shall be prorated to the Hospital Real Property, the Hospital Business Assets and other things as set forth in Schedule Dto this Agreement.

"Purchaser" means Center Management Group, LLC.

"RFQ/RFP" refers to the Request for Qualifications/Request for Proposals dated September 25, 2013, including any amendments or supplements thereto.

"State" means the State of New Jersey.

"Transaction" means the purchase and sale of the Hospital Real Property and the Hospital Business Assets by and between the UICA and the Purchaser, as set forth herein.

"Transition Plan" means the activities relating to the transfer of the operations of the Hospital through (a) the sale of the Hospital Business Assets, (b) the sale of the Hospital Real Property, and (c) the transfer of the Hospital Licensed Capacity.

"UCIA" means the Union County Improvement Authority, a public body corporate and politic of the State of New Jersey organized and existing under the County Improvement Authorities Law, N.J.S.A. § 40:37A-1 *et seq.*

Section 1.2 Interpretation. The terms "herein," "hereunder," "hereby," "hereto," "hereof," and similar terms, refer to this Agreement; the term "heretofore" means before the Contract Date; and the term "hereafter" means after the Contract Date. Unless otherwise noted, the words "include," "includes," and "including," as used in this Agreement, shall be deemed to be followed by the phrase "without limitation." The words "agree," "agreements," "approval," and "consent," as used in this Agreement shall be deemed to be followed by the phrase "which shall not be unreasonably withheld or unduly delayed," except as may otherwise be specified.

Words importing the masculine gender include the feminine gender or the neuter and vice versa, as the case may be. Words importing the singular number include the plural number and vice versa.

Section 1.3 DOH and DHS Jurisdiction and Jurisdiction of Other Governmental Bodies. The Parties understand and acknowledge that consummation of the Transition Plan requires the DOH to approve the transfer of the LTCU License and the DHS to approve the transfer of the APCU License from the County to the Purchaser. The Purchaser shall be responsible for submitting the required applications for the transfer of the Hospital Licenses. After the expiration of the Due Diligence period, the Purchaser shall use all reasonable efforts and due diligence in the procurement of such approval and the UCIA shall reasonably cooperate in such effort, to the extent its efforts are required. In the event that the DOH and/or the DHS does not approve the Purchaser's applications for transfer of the Hospital Licenses (for reasons that are unrelated to the experience of the Purchaser) on or before September 1, 2014 (the "Approval Date"), the Purchaser shall have a period of thirty (30) days within which to provide the DOH and/or DHS, as the case may be such assurances as may be necessary to obtain approval of the transfer. In the event Purchaser is unable to obtain approval from DOH and/or DHS of the transfer of the Hospital Licenses by October 1, 2014 ("Extended Approval Date"), either Party may terminate this Agreement. Notice of such termination shall be provided no less than 30 days prior to the termination date; provided, however that in the event the transfer of the Hospital License(s) occurs within this 30-day period, this Agreement shall continue in full force and effect and no termination for this reason shall occur. Notwithstanding anything herein to the contrary, the Parties may agree to further extend the Extended Approval Date, and, in such event, Purchaser shall continue to pursue the DOH and DHS approvals of the transfer of the Licenses and the UCIA shall continue to cooperate in Purchaser's efforts in accordance with this section 1.3.

In the event that the DOH and/or the DHS does not approve the transfer of the relevant License(s) to the Purchaser for reasons that are related to the experience of the Purchaser, the Purchaser shall take such actions as are required to provide such security as may be requested by DOH or DHS or under Applicable Laws to cure such impediment to obtaining approval. Should Purchaser be unable to provide the necessary assurances, this Agreement may be terminated by either Party, and the Purchaser shall pay the sum of One Hundred Thousand and 00/100 Dollars

(\$100,000) to the UCIA in full and final reimbursement of the UCIA's costs incurred in connection with its legal, financial, expert and consultant, and other fees incurred in connection with the RFQ/RFP, including, but not limited to, the negotiation of the purchase and sale agreements by and among the Purchaser, the County and the UCIA.

The Purchaser and the UCIA shall cooperate in providing information that is reasonably required in connection with the review and/or approval by the DOH and the DHS of the Purchaser's applications for transfer of the Hospital Licenses. Any information that has been filed with the DOH and the DHS (except any information that has been identified in such filing as proprietary or confidential and has been accorded protected or confidential status by such regulatory agency) or otherwise has been made available to the public shall not, under any circumstances, constitute confidential or proprietary information.

In the event that the DOH or the DHS requires any amendment(s) to this Agreement in connection with the Purchaser's applications, either Party hereto may notify the other Party within ten (10) days of receipt of notification setting forth such required amendment(s) of such Party's intention to terminate this Agreement. Either Party may provide such notice of termination only in the event that the amendment(s) to this Agreement, as required by the DOH or the DHS, or both, as the case may be, is so substantial that it/they reduces or limits the licensed bed capacity or certified bed capacity for Medicaid purposes of the Hospital or places any restrictions, modifications or limitations on the Hospital License, or mandates physical plant changes or alterations exceeding Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00).

Notwithstanding anything contained herein to the contrary, any decision to appeal (or refrain from appealing) any decision by the DOH or the DHS (including administrative and judicial) denying, disapproving or modifying the Purchaser's application for transfer of the Hospital License may be made by either Party to this Agreement.

Section 1.4 Rights and Obligations of the Parties. The rights and obligations of the Parties shall be only as expressly stated herein and shall not be expanded, modified, extended or in any way changed by any subsequent change in circumstances or federal or state law, Purchaser or local statutory or common law, except as expressly provided for herein.

Section 1.5 Related Agreements. The rights and obligations of the Parties under this Agreement are subject to, and wholly dependent upon the execution and consummation of separate agreements governing (a) the transfer and conveyance of the Hospital Real Property and the Hospital Business Assets from the UCIA to Center Management or an Alternative Proposer (the "UCIA/Purchaser Agreement"), and (b) the transfer of the Hospital Licenses from the County to Center Management or an Alternative Proposer (the "County License and Operations Agreement.") In the event either of the aforementioned agreements shall fail or be terminated, this Agreement shall become void and of no further effect, and the remedies of the Parties hereto shall be as described in Article VII of this Agreement.

Section 1.6 Expiration, Termination. This Agreement shall expire and terminate if the Closing has not occurred on or prior to the Closing Date; provided, however, that the provisions of Article VII of this Agreement shall remain in effect and any rights or

remedies that either Party may have as a result of breach or default by the other Party shall not be limited or impaired; and provided, further, that the Closing Date may be extended by mutual consent of the Parties or their attorneys.

ARTICLE II

CONVEYANCE OF THE HOSPITAL ASSETS

Section 2.1 General. In order to effectuate the Transition Plan, on the terms and conditions set forth below, in accordance with the provisions of N.J.S.A. 40:37A-1 *et seq.*, the County shall, on the Closing Date, convey the Hospital Real Property and the Hospital Business Assets to the UCIA. Separately, the County shall, on the Closing Date, assign and transfer to Center Management or an Alternative Proposer, the Hospital Licenses and any and all rights the County may have with respect to licensed and/or approved beds at the Hospital.

Section 2.2 Conditions Precedent to Closing. The obligations of the Parties to consummate the transactions contemplated in this Agreement are conditioned and contingent upon the fulfillment of the following conditions precedent, except to the extent that any such condition may be waived as provided below:

(a) Approval of this Agreement by resolution of the Board of Freeholders of the County, which shall have been provided prior to the execution of this Agreement in the form of a resolution of the Board of Freeholders of the County, certified by the Clerk of the Board.

(b) Approval of this Agreement by resolution of the Board of Commissioners of the UCIA, which shall have been provided prior to the execution of this Agreement in the form of a resolution of the Board of Commissioners certified by the Clerk of the Board.

(c) The DOH and the DHS shall approve the transfer of the Hospital Licenses by the County to Center Management or an Alternative Proposer, which approvals shall be evidenced by a letter(s) or an order(s) issued by the DOH and the DHS.

(d) Every Governmental Body, including but not limited to zoning or planning boards with authority over the Hospital Real Property and the Hospital Business Assets shall have evidenced approval of the transfer and the proposed use by the UCIA, to the extent such approvals are conditions precedent to such proposed use or conveyance of the Hospital Real Property and the Hospital Business Assets. Should any such Governmental Body require repairs, improvements or other requirements in order to obtain such approvals, the County and the UCIA shall perform and complete said repairs, improvements, and/or fulfill said requirements solely at the expense of the County; provided however, that the cost of said repairs, improvements; and/or fulfillment of such requirements shall not exceed Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000.00), as determined by an engineer agreed to by the Parties. If such costs exceed \$250,000.00, then (i) the County or the UCIA may terminate this Agreement, or (ii) the UCIA may, at its option, agree to pay any costs in excess of \$250,000.00, subject to such deficiency with a credit, and complete the same post-Closing. However, in the event that repairs are necessary, the Closing shall be adjourned until such time as all repairs are completed to the satisfaction of the UCIA.

Notwithstanding anything to the contrary herein, any such repairs, improvements or other requirements necessary to obtain such approvals which are identified to the County prior to the Closing shall be completed by the County prior to Closing. The Closing shall be adjourned until such time as all repairs are completed to the satisfaction of the UCIA, or in the alternative, the UCIA may opt to repair same post closing and the cost of such work not completed shall be credited to UCIA at Closing, and the County shall indemnify UCIA regarding the cost and liability associated with such pre contract notices. This Section 2.2(d) shall survive Closing.

(e) There is no outstanding judgment or order of any court or Governmental Body, restraining or prohibiting implementation of this Agreement, continued operation of the Hospital, or transfer of the Hospital Assets.

(d) The business, operations and financial conditions of the Hospital shall not have been Materially Adversely affected in any way as a result of fire, explosion, disaster, accident, civil disturbance, or any other material event or occurrence.

(e) Notwithstanding anything to the contrary herein, although the items listed in this section are conditions precedent for UCIA being required to close, everything listed above and the County's other delivery requirements, except (c) above, and as specifically modified in such section, shall be a requirement of the County to produce at closing, and failure to do so shall be a County breach of this Agreement.

Section 2.3 Description of Hospital Real Property. The Hospital Real Property being conveyed by the County to the UCIA is designated Block 4002, Lot 15; Block 3401, Lot 50; Block 3302, Lot 3; and Block ____ Lot ____ (Pump Station) on the Tax Map of the Township of Berkeley Heights, New Jersey.

In conveying the Hospital Real Property, the County shall also sell, transfer, assign, convey and deliver to the UCIA, free and clear of all liens, encumbrances, liabilities, claims and rights of third parties whatsoever (except for the Permitted Encumbrances as hereinafter defined), and the UCIA will purchase from the County, all of the County's right, title and interest in and to (a) the certain plot, piece and parcel of land known as 40 Watchung Way, Berkeley Heights, New Jersey, together with (address for pumping station) as more specifically described in Schedule Fannexed hereto (the "Land"), (b) the buildings, parking areas, fixtures and other improvements (the "Improvements") now and hereafter situated on the Land, (c) all easements, hereditaments, and appurtenances belonging to, or inuring to the benefit of, County and pertaining to the Land, if any, (d) all right, title and interest, if any, of the County in and to any land lying in the bed of any streets or roads, opened or proposed, in front of or adjoining the Land, to the center lines thereof, any street, alley, roadway, strips or gores on land adjoining the Land, and any unpaid award made or to be made in lieu thereof or for any change of grade of any such street or road and land dissecting the and related to the Hospital Real Property, (e) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality relating to the foregoing, (f) all of the County's right, title and interest, furniture, fixtures and equipment located and used in connection with the property, and (g) any plans and approval to construct any additional facility, or replacement beds on the Land.

Section 2.3 Purchase Price for Hospital Real Property and Hospital Business Assets.

(a) With respect to the conveyance of the Hospital Real Property and the Hospital Business Assets by the County to UCIA, the UCIA shall pay the Purchase Price to the County. Except as specifically provided in this subsection (a), payment of the Purchase Price by the UCIA shall be made on the Closing Date by bank check, attorney trust check, or wire transfer.

(b) As of the Closing Date, expenses of a recurring nature that are incurred in connection with the Hospital in the ordinary course of business, including those set forth below, shall be prorated in accordance with generally accepted accounting principles, so that all such expenses for periods on or prior to the Closing Date shall be for the account of the County, and all such expenses for periods after the Closing Date shall be for the account of the UCIA and any such adjustments (the "Closing Adjustments") shall be added or deducted from the Purchase Price, as the case may be:

- (i) current municipal water and sewer charges, if any, for the Hospital Real Property shall be apportioned between the County (on the one hand) and the UCIA (on the other hand) as of the Closing Date;
- (ii) the full amount of all unpaid assessments for municipal improvements, if any, including without limitation, any assessments that are payable in installments of which the first installment is due or payable on or prior to the Closing Date, shall be deducted from the Purchase Price. The amounts of all unpaid assessments for municipal improvements, if any, including without limitation, any assessments that are payable in installments due or payable after the Closing Date shall be apportioned as of the Closing Date;
- (iii) all amounts prepaid or payable under the leases, contracts, accounts and franchises being transferred hereunder shall be apportioned as of the Closing Date;
- (iv) Other standard and customary adjustments as would occur in the sale of a similar asset, including but not limited to, the Deposit.

Section 2.4 Representations of the County as to the Hospital Real Property. With respect to the Hospital Real Property, the County represents and warrants to the UCIA as follows:

(a) The County represents that it has or will have on the Closing Date, good, valid and marketable title to the Hospital Real Property, free and clear of all liens, mortgages, deeds of trust, judgments, pledges, title defects, encumbrances, leases, security interests (UCC or otherwise, including without limitation, security agreements, chattel mortgages, conditional sale contracts, collateral security agreements, leases and other title or interest retention arrangements), actions, claims, charges, conditions or restrictions of any nature whatsoever, except the Permitted Encumbrances. Marketable title, for purposes of this subsection, shall be such title as will be insured at regular rates by the title insurer on the ALTA Policy, without exception, except for

Permitted Encumbrances. Neither the whole nor any portion of the Hospital Real Property has been condemned or otherwise taken by any public authority during the County's ownership of the Hospital Real Property, and to the best of the County's knowledge no such condemnation or taking is threatened or contemplated. There are no agreements, written or oral, affecting the occupancy of the Hospital Real Property, and no Person, firm or corporation has any right, title or interest to possession of the Hospital Real Property (or any portion thereof) or to possession of the Hospital Real Property as a tenant of the County.

(b) The County represents that it has no knowledge of any outstanding notices or orders from any Governmental Body with respect to the condition of the Hospital Real Property or with respect to any claim of violation of laws, ordinances, statutes, codes, regulations and orders applicable thereto. Any notices or orders issued by any Governmental Body with respect to the Hospital Real Property subsequent to execution of this Agreement and prior to the Closing Date shall be cured at the County's cost as soon as reasonably possible by the use of diligence after receipt of such notice or order. If any such notices or orders are issued and not cured, then such notices or orders shall be deemed to be an objection to title and the UCIA shall have the rights set forth in Section 2.11 hereof with respect thereto. Notwithstanding anything to the contrary herein, if the County's reasonable cost to cure the violation(s) cited in such notice or order shall exceed Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), the County shall be entitled to terminate this Agreement, and the UCIA shall have such remedies as described in Section 7.6 of this Agreement.

Section 2.5 Closing. The Closing shall take place on the Closing Date at 11:00 o'clock a.m. prevailing time at the offices of DeCotiis, FitzPatrick & Cole, LLP, in Teaneck, New Jersey, or at such other location as shall be mutually agreed upon by the Parties.

Section 2.6 Documents Deliverable by County with Respect to the Hospital Real Property. In addition to the closing documents that are required to be delivered in connection with conveyance of the Hospital Assets, as set forth in Schedule E hereto, at the Closing, the County shall deliver (or cause to be delivered) the following documents duly executed by or on behalf of the County by its authorized representatives, with respect to conveyance of the Hospital Real Property:

(a) Bargain and Sale Deed (the "Deed") with Covenants against Grantor's Acts in substantially the form set forth in Schedule E-1 hereto. The Deed shall be in recordable form, contain a legal description that is reasonably satisfactory to the UCIA and the UCIA's title company, in accordance with the Survey set forth in Schedule F hereto, at its cost, and as otherwise required by the title company and sufficient to convey title to the Hospital Real Property subject only to the matters affecting title as contemplated by the terms of this Agreement. The Deed shall contain a covenant running with the land (the "Covenant") which shall require that the Hospital and the Hospital Real Property be utilized for no purposes other than a skilled nursing facility, a psychiatric facility and other related healthcare facilities or purposes, for a period of 99 years, unless such covenant is removed by operation of law or by agreement of the Parties. The County will consider any request by the UCIA for relief from the covenant, and the County's consent will not be unreasonably withheld; provided however, that Purchaser relocates the Hospital operations to

another location in the County of Union. Notwithstanding anything herein to the contrary, in the event Purchaser breaches the Covenant without having been granted relief by the County, the UCIA and/or the County shall be entitled to a suit seeking specific performance of the Covenant and injunctive relief, or, in the alternative, pursue any other remedy that may be available to the County or the UCIA at law or in equity.

(b) Affidavit of Title in the customary form;

(c) Closing Statement;

(d) Resolution of the governing body of the County, authorizing the execution of this Agreement and the closing documents, which resolutions shall be certified to be true copies by the Clerk of the Board of Freeholders;

(e) Any keys, existing plans, specifications, architectural and engineering drawings, utilities layout plans, manuals, service and maintenance logs, paid invoices and similar documents relating to the Hospital Real Property, and other documentation used in the construction, alteration or repair of the Hospital, to the extent within the County's possession;

(f) Such certifications, affidavits, and other documents as are contemplated by this Agreement or as may be reasonably required by the UCIA or by the title company in order for the title company to issue, at regular rates, the ALTA Policy relating to the Hospital Real Property insuring that the UCIA's title to the Hospital Real Property is marketable in accordance with the terms of this Agreement.

Section 2.7 Documents Deliverable by County with Respect to the Hospital Business Assets. In addition to the closing documents that are required to be delivered in connection with conveyance of the Hospital Business Assets, as set forth in Schedule G hereto, at the Closing, the County shall deliver (or cause to be delivered) the following documents duly executed by or on behalf of the County by its respective authorized representatives, with respect to conveyance of the Hospital Business Assets to the UCIA:

(a) A general bill of sale and conveyance, duly executed by the County, conveying to UCIA good and marketable title to the Hospital Business Assets, free and clear of all Liens, except for the Permitted Liens (as hereinafter defined), substantially in the form attached hereto as Schedule G-1 (the "Bill of Sale");

(b) Certificates of the County duly authorizing and approving: (i) the Transaction, and (ii) the execution, performance and delivery of this Agreement, County's Closing Documents and all of the other documents to be executed and performed by County, in connection with the Transaction (collectively, "County's Transaction Documents" Schedule G-2);

(c) Certificates executed by the County dated as of the Closing Date, certifying that: (i) each covenant and agreement to be performed prior to and on the Closing Date by the County pursuant to this Agreement has been performed in all material respects; and (ii) as of the Closing Date, each of the representations and warranties contained in this Agreement made by or behalf of the County is true and correct;

(d) Such other instruments and documents as the County's counsel and the UCIA's counsel reasonably deem necessary or desirable in order to effect the Transaction.

Section 2.8 Documents Deliverable by UCIA. The following deliveries shall be made by the UCIA at or before the Closing:

(a) The Purchase Price subject to Closing Adjustments;

(b) Certified copies of any resolutions required to duly authorize and approve: (i) the Transaction; (ii) the execution, performance and delivery of this Agreement, UCIA's Closing Documents and of all of the other documents to be executed and performed by UCIA in connection with the Transaction (collectively, "UCIA's Transaction Documents");

(c) A certificate of the UCIA, certifying that: (i) each covenant and agreement of UCIA to be performed prior to or on the Closing Date pursuant to this Agreement has been performed in all material respects; and (ii) as of the Closing Date, each of the representations and warranties contained in this Agreement made by or on behalf of UCIA is true and correct;

(d) The Closing Statement, executed by UCIA;

(e) Such other certificates, instruments and documents as the County's counsel and the UCIA's Counsel reasonably deem necessary or desirable to effect the Transaction,

Section 2.9 Realty Transfer Fee, Mansion Tax, Recording Documents. The County shall pay the realty transfer fee and Mansion Tax, if any, due upon the conveyance of the Hospital Real Property. The County shall record (or cause to be recorded) all documents of conveyance with the Union County Clerk and the UCIA shall pay any recording fees.

Section 2.10 Brokerage. The County and the UCIA, respectively, represent to each other that there has been no broker involved in connection with any aspect of this sale. Each party agrees to indemnify and defend the other from and against any loss, damage or expenses (including litigation costs and reasonable attorneys' fees) by reason of any claim for compensation or commission by any broker based upon an allegation of relations or negotiations between the claimant and the indemnifying party inconsistent with the representations herein made. This representation, warranty and covenant shall survive the closing or termination of this Agreement.

Section 2.11 Clear Title to Hospital Real Property.

(a) County to Convey Marketable Title. The County shall convey to the UCIA marketable title of record to the Hospital Real Property, such as will be insurable pursuant to the ALTA Policy, at regular rates by a title company authorized to do business in the State of New Jersey. The cost for obtaining such title insurance shall be paid by the UCIA. In addition, the County shall convey the Hospital Real Property free of all liens, such as for judgments or transfer, inheritance, estate, franchise, license or other similar taxes, any mortgage or other encumbrance, leases, security interests, actions, claims, charges, conditions, restrictions or other title questions or

objections whatsoever, subject only to the existence of Permitted Encumbrances and such items as a careful inspection of the Hospital Real Property and an accurate survey would reveal, provided none of the same would render title unmarketable or would limit the use of the Hospital Real Property for the purposes intended by this Agreement. In the event the County is unable to convey to the UCIA marketable title as required in this subsection, the Parties' remedies and other obligations will be determined pursuant to Article VII hereof.

(b) Title Commitment (Title Abstract). The County shall deliver (or cause to be delivered) to the UCIA, a copy of the title report (i.e., title abstract). The UCIA shall send written notice of any title questions disclosed by the title report or the survey or otherwise known to the UCIA which the UCIA believes are not covered by the exceptions to title set forth in paragraph (a) above, and which the UCIA believes it is not required to take title "subject to." Notwithstanding anything to the contrary herein, receipt of the title report stating such exception(s) shall constitute notice of exceptions.

(c) Liens and Encumbrances. At the time of Closing, the Hospital Real Property shall not be subject to any liens, such as for judgments or transfer, inheritance, estate, franchise, license or other similar taxes, any leases, security interests, actions, claims, charges, conditions, restrictions, any mortgage or other encumbrances, or other title questions or objections whatsoever that would be grounds for the UCIA to reject title hereunder, except for Permitted Encumbrances set forth in Schedule C. However, at the UCIA's sole option, if any of the same shall exist, such liens shall not be deemed a title question if, at the time of closing, either (i) the County delivers to (or for the benefit of) the UCIA at the closing, instruments in recordable form sufficient to satisfy a discharge of record of such liens and encumbrances or (ii) the title company will issue or bind itself to issue a policy which will insure the UCIA against collection thereof from or enforcement thereof against the Hospital Real Property, such policy to be at regular rates or with any excess premium thereof to be paid by the UCIA. The foregoing notwithstanding, the UCIA shall, in any event, and in its sole discretion, have the option to waive this condition and proceed to Closing.

Section 2.12 County to Remain Liable. Subject to the provisions of Article III of this Agreement, the Parties agree that the County shall remain responsible for all obligations, liabilities, debts, claims and audits, known or unknown, arising from, or attributable to the operation of the Hospital, the Hospital Real Property and the Hospital Business Assets, for all periods up to and including the Closing Date, and shall indemnify and hold the UCIA harmless for same. This provision shall survive Closing.

The UCIA expressly does not assume or agree to discharge or perform any debts, liabilities or obligations of the County or any predecessors or affiliates thereof, prior to Closing, including, but not limited to, those relating to the operation of the Hospital, the Hospital Business Assets and the Hospital Real Property.

Section 2.13 The County's Representations Concerning the Hospital Business Assets.(a) Assets to be Transferred to the UCIA. Subject to other provisions of this Agreement, the County shall transfer, assign and sell all of its right, title and interest in, to or under the Hospital Business Assets to UCIA at the Closing, and UCIA will accept such transfer. The County shall convey the Hospital Business Assets to UCIA free and clear of all liens, claims, assessments, security interests, mortgages, collateral assignments, leases, attachments, levies and

other defects in title and encumbrances of any type whatsoever, except as set forth in Schedule H ("Permitted Liens") hereto or otherwise set forth herein. If any of the Hospital Business Assets are leased, the County shall convey its possessory interest therein to the extent that any such lease(s) is (are) assignable. The Parties shall comply with any provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Privacy, Security, Transaction and Code Set Standards that are applicable to the transfer of the Hospital Business Assets.

(b) The County shall retain the Excluded Assets. All other assets owned by the County for the operation of the Hospital are included among the Hospital Business Assets.

(c) The County hereby represents and warrants to the UCIA that the Hospital Business Assets are as of the date of this Agreement, and will be as of the Closing Date, (i) in good repair and condition, (ii) suitable and sufficient for the conduct of the present business of the Hospital, and (iii) free and clear of any claim, lease, mortgage, security interest, conditional sale agreement or other title retention agreement, restriction or lien or encumbrance.

(d) The County and the UCIA shall cooperate in filing within ten (10) days of Closing any required notice to the New Jersey Bulk Sale Unit. Any escrows required by the Bulk Sale Unit shall be held from the Purchase Price in accordance with the requirements of the NJ Bulk Sale Unit.

(e) Assumed Liabilities. The UCIA will assume at the Closing the ongoing obligations of the County arising solely on and after the Closing Date with respect to the Hospital Business Assets.

(f) Retained Liabilities. UCIA shall not assume, and the County shall retain and will remain liable for, the following liabilities (collectively, the "Retained Liabilities") relating to the ownership or operation of the Hospital prior to the Closing Date: (i) all accounts payable relating to the County's ownership or operation prior to the Closing Date (the "County's Accounts Payable"), (ii) any other liabilities relating to the ownership or operation of the Hospital Business Assets and the Hospital, and the use and occupancy of the Hospital Real Property, prior to the Closing Date, other than liabilities expressly assumed by UCIA under this Agreement, (iii) all amounts due third party payers, as a result of audit, rate change or otherwise, relating to services rendered prior to the Closing Date, (iv) all cash receipts assessments relating to all revenue received by the County before and after the Closing Date relating to services rendered by the Hospital before the Closing Date.; and (v) prepaid fees, fees payable in installments and fees due prior to the Closing Date, covering assignable licenses and permits, including but not limited to dues and subscriptions.

(g) Closing Adjustments. If the Closing Adjustments result in a net amount to be paid by the UCIA to Purchaser, such net amount shall be paid by the UCIA within 15 days of the Closing Date. All of the Closing Adjustments shall be subject to adjustment sixty (60) days after the Closing Date to correct any errors, to be agreed upon by the parties. Notwithstanding anything to the contrary in this Agreement, if the parties cannot agree on the Closing Adjustments or any post-Closing Adjustment, their respective accountants shall chose a third accountant and the decision of at least two of the three accountants shall be final, but subject to the 60-day post Closing Date adjustment to correct any errors. Any additional sums due shall be paid within ten (10) days after such agreed upon adjustment or accountants' determination. This provision shall survive the Closing.

ARTICLE III

REPRESENTATIONS, WARRANTIES and COVENANTS

Section 3.1 Representations and Warranties of the County. In order to induce the UCIA to enter into this Agreement and to close on the Transaction, the County represents and warrants to the UCIA as follows:

(a) Organization and Ownership. The County is the sole operator of the Hospital, and has the requisite authority to own and operate the Hospital Business Assets and carry on the business of the Hospital as the same is now being conducted. The County holds all necessary licenses, permits, authorizations, contracts and approvals required by the federal government (including, without limitation, any agency or instrumentality thereof), the State of New Jersey, and any Governmental Body with jurisdiction over the Hospital for the conduct of the Hospital business as now being conducted by the County in connection with the Hospital (collectively, the "Authorizations").

(b) Binding Agreement. This Agreement has been duly authorized, executed and delivered by the County and is a valid and binding agreement of the County enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights. Subject to DOH and DHS approvals, the County's execution, delivery and performance of this Agreement does not and will not conflict with, violate or constitute a breach of or default under the provisions of any indenture, agreement or other instrument to which the County is a party or by which it may be bound or the provisions of any federal, state or local law, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or instrumentality having applicability to the County or by which the County may be bound.

(c) Conflicts. The execution and delivery of this Agreement by the County does not, and the performance of this Agreement by the County and the consummation of the Transaction will not, with or without notice or the lapse of time or both, give to others any rights of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any lien, charge, encumbrance, security interest, mortgage, pledge, claim, option, lease, license, easement, liability or restriction of any kind whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise or adversely affect any of the Hospital Business Assets or the continued operation of the Hospital.

(d) Approvals. Except for the approvals of the DOH and the DHS, and the approval of the County Board of Freeholders, the execution and delivery of this Agreement by the County does not, and the performance by the County of this Agreement and the consummation of the Transaction shall not require the UCIA to obtain any consent, waiver, approval, authorization or permit of, or to make any filing with or notification to any Person or Governmental Body, or any third party. To the County's knowledge, except for the approvals of the DOH and the DHS, and the approval of the County Board of Freeholders, no action, authorization, consent, order or action, including action by any Governmental Body is necessary to make this Agreement and the other agreements and instruments contemplated herein, valid instruments binding upon the County in accordance with their terms.

(e) The execution of this Agreement, and the performance of all obligations set forth herein do not conflict with, and will not, nor with the passage of time or the giving of notice, constitute a breach of or event of default under any charter, ordinances or resolutions of the County or any agreement, indenture, mortgage, trust, contract or instrument of Applicable Laws to which the County is a party or by which the County is bound. This Agreement has been duly executed and delivered and constitutes a legal, valid, and binding obligation of the County, enforceable in accordance with its terms, except to the extent that the enforcement thereof is limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditor's rights generally and the application of general principles of equity.

(f) Except as disclosed in Schedule I hereto, there is no action, suit or proceeding, at law or in equity, pending before or by any court or governmental authority against the County, wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the County of its obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by the County in connection with the Transaction.

(g) There are no audits, active suits or proceedings that (i) challenge the use of the Hospital as a healthcare facility (ii) challenge or seek to change the LTCU Licensed Capacity or the APCU Licensed Capacity, (iii) challenge or seek to change the conditions of operation of the Hospital set forth in the Certificates of Need, or (iv) challenge the Hospital's certification to participate in the Medicaid Program under Title XIX of the Social Security Act.

(h) The County has complied in all material respects with all Applicable Laws and has secured all necessary permits and authorizations and licenses issued by any Governmental Body required to be obtained by the County with respect to the Hospital, if any, the violation of which (or the failure to secure) could have a material adverse affect on the business, operations, properties or assets or on the condition, financial or otherwise, of the Hospital, a complete list of such permits, authorizations and licenses being set forth on Schedule J hereto.

(i) The County is not a party to or obligated to contribute to any employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), guaranteed annual income plan, fund or arrangement, or any incentive, bonus, profit sharing, deferred compensation, or any employment or consulting agreement, or any non-competition agreement, or any severance or termination plans or policies, hospitalization, disability or other insurance plans, or any other employee fringe benefit plans, or any collective bargaining agreements, or any other agreement, plan or arrangement similar to or in the nature of the foregoing, oral or written, in each case that relate to the Hospital ("Plans"), except those described on Schedule K hereto. Except as set forth on Schedule L, the County has no unfunded liabilities on account of or in connection with any such Plans.

(j) Title. The County shall have, and at the Closing, will convey to the UCIA, good, valid and marketable title to the Hospital Business Assets, including personal property in the Hospital, free and clear of all liens except as set forth on Schedule H. For property which is leased, the County will convey its possessory interest to the extent that such leases are assignable.

(k) Surveys. Annexed hereto as Schedule M are true copies of the most recent DOH and/or DHS survey reports, inspection reports and Plans of Correction, if any. Except as may be

set forth in the attached report(s), to the County's knowledge, there are no violations, orders or deficiencies issued or recommended by any regulatory agency, intermediary or authority or licensing organization, and there are no inspections, license reviews, investigations or proceedings of any sort pending by or before any such regulatory agency, intermediary or authority or licensing organization that relate to the Hospital.

(l) Notices. Except as disclosed in Schedule N neither the County nor the Hospital has been served with any notice which: (a) requires the performance of any work or alterations on or at the Hospital, or in the streets bounding thereon; or (b) orders the installation, repair or alteration of any public improvements on or at the Hospital or the streets bounding thereon, in each case including, but not limited to, notices received under the Americans with Disabilities Act of 1990, as amended.

(m) Name. The County uses and has used the name Runnels Specialized Hospital. The County has not operated the Hospital or any of its programs under any other name. To the County's knowledge there have been no challenges to its use of these names. The County has not received written notice from any Person claiming that the County is infringing on or otherwise acting adversely to the rights of any Person under or with respect to the names used by County.

(n) Taxes. The County is a tax-exempt entity, therefore, there are no federal, state or local taxes owed or tax returns required to have been filed.

(o) Immigration and Nationality Act. The County is in material compliance with the terms and provisions of the Immigration and Nationality Act (the "Immigration Act") for each of County's employees for whom compliance with the Act is required. County has obtained and has retained a complete and true copy of each of County's employees' Form 1-9 (Employment Eligibility Verification Form) and all other records or documents prepared, procured or retained by the County pursuant to the Immigration Act. The County has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order, nor, to the best knowledge of County has any action or administrative proceeding been initiated or threatened against the County by reason of any actual or alleged failure to comply with the Immigration Act.

(p) Compliance with Laws and Ordinances; Miscellaneous Matters. To the best of the County's knowledge and belief, the Hospital is being operated in material compliance with Applicable Law; the Hospital and improvements on the Hospital Real Property (for purposes of this section, the "Property") do not violate the existing zoning classification of the Property or any Certificate of Occupancy; the Property abuts or has a right of access to a public road; as of the date of this Agreement, the furniture, fixtures and equipment included in the Hospital Business Assets are of sufficient quantity and quality to operate the Hospital in accordance with applicable statutes, ordinances, rules and regulations; there are no tenants or occupants of the Hospital other than County and residents of the Hospital; the County has not received notice of any pending improvements or special assessments; the Hospital and the Property at all times have been used and operated in compliance with all applicable environmental permits and laws; neither the County nor the Hospital has received any notice of any condition at the Hospital or the Property which violates any environmental permit or law or requires any remediation or clean up action; and, to the best of the County's knowledge, there is no asbestos contained on or forming part of any building, building component, structure or space located on or in the Hospital or the Property and no polychlorinated biphenyls are present, in use or stored at the Hospital or the Property except as

listed in Schedule O.

(q) Material Facts. No representation, warranty, statement or information furnished by County in connection with this Agreement, contains any knowingly untrue statement of material fact or omits to state any material fact necessary in order to make such statement not misleading.

(r) Insurance. The County shall not decrease the scope or limit of coverage of any of the insurance policies in place on the Contract Date prior to the Closing. In the event the County determines to modify the scope or limits of coverage with respect to any such policy, it shall provide the UCIA notice of the proposed change(s) no less than five (5) days prior to the effective date of such modifications..

(s) County's Right to Cure. In the event that any of the foregoing representations and warranties is not true as of the date hereof or at the Closing Date, the UCIA shall not be entitled to declare a default until the County has had a reasonable opportunity, not to exceed thirty (30) days, to cure any such defects by correcting an error or by a set-aside, as the case may be.

Section 3.2 Representations and Warranties of the UCIA. In order to induce the County to enter into this Agreement and to close on the Transaction, the UCIA hereby represents and warrants to the County follows:

(a) The UCIA is a body corporate and politic of the State of New Jersey. It is duly qualified to transact business in each and every jurisdiction where such qualification is required to enable the UCIA to perform its obligations under the terms of this Agreement. No Act of Bankruptcy has been commenced by or against the UCIA. The execution of this Agreement, and the performance of all obligations under this Agreement, have been authorized by all required action of the UCIA, all as required by the charter, by-laws and Applicable Laws that regulate the conduct of the UCIA's affairs. The execution of this Agreement and the performance of all obligations set forth herein do not conflict with and do not constitute a breach of or event of default under any charter or by-laws of the UCIA, or any agreement, indenture, mortgage, contract or instrument to which the UCIA is a party or by which the UCIA is bound so that, upon execution hereof and upon satisfaction of the conditions herein contained, this Agreement constitutes the valid, legally binding obligations of the UCIA, enforceable against the UCIA in accordance with its terms, except to the extent that enforcement thereof is limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of the general principles of equity.

(b) Except as disclosed and set forth in Schedule P hereto, there is no action, suit or proceeding, at law or in equity, before or by any court or similar Governmental Body against the UCIA wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the UCIA of its obligations hereunder or the other transactions contemplated hereby, or that, in any way would materially adversely affect the validity or enforceability of this Agreement or any other agreement or instrument entered into by the UCIA in connection with the Transaction.

(c) Binding Agreement. This Agreement has been duly authorized, executed and delivered by UCIA and is a valid and binding agreement of UCIA enforceable in accordance with its terms, except (a) as the same may be limited by bankruptcy, insolvency, reorganization,

moratorium or similar laws now or hereafter in effect relating to creditors' rights and (b) that the remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses. The UCIA's execution, delivery and performance of this Agreement does not and will not conflict with, violate or constitute a breach of or default under the provisions of any indenture, agreement or other instrument to which UCIA is a party or by which it may be bound or the provisions of any federal, state or local law, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or instrumentality having applicability to UCIA or by which UCIA may be bound.

(d) Additional Consents. Other than set out elsewhere in this Agreement, to the UCIA's knowledge, no action, authorization, consent, order or action, whether corporate or otherwise, including action by any Governmental Body, is necessary to make this Agreement and the other agreements and instruments contemplated herein, valid instruments binding upon UCIA in accordance with their terms;

(e) UCIA's Right to Cure. In the event that any of the foregoing representations and warranties is not true as of the date hereof or at the Closing Date, the County shall not be entitled to declare a default until the UCIA has had a reasonable opportunity, not to exceed thirty (30) days, to cure any such defects by correcting an error or by a set-aside, as the case may be.

ARTICLE IV

COVENANTS OF THE COUNTY REGARDING HOSPITAL OPERATIONS AND HOSPITAL BUSINESS ASSETS

Section 4.1 Representations and Covenants of the County Concerning the Operation of the Hospital. The County represents and warrants to the UCIA as follows:

(a) Litigation and Claims. Except for certain disciplinary actions pending against employees of the County and various workers compensation claims filed by employees of the County, and except for those actions, claims, suits, proceedings, and other matters (the "Litigation and Claims") set forth in Schedule I, neither the County nor the UCIA have been served with any summons, complaint or written notice to arbitrate, and there is no suit, litigation, material claim (legal or equitable), administrative, arbitration or other proceeding pending against the County arising out of or relating to the operation of the Hospital or the ownership of the Hospital Assets.

(b) No Restrictions. There are no restrictions, prohibitions or encumbrances on (or relating to) the Hospital Real Property or Hospital Business Assets that would inhibit, prohibit or in any way affect the ability of the UCIA to make use of such Hospital Real Property or Hospital Business Assets in the manner contemplated by the terms of this Agreement. The County has complied in all material respects with all Applicable Laws applicable to the County, and has secured all necessary permits and authorizations and licenses issued by any Governmental Body required to be obtained by the County with respect to the Hospital, if any, the violation of which (or the failure to secure) could have a material adverse affect on the business, operations, properties or assets or on the condition, financial or otherwise, of the Hospital, a complete list of such permits, authorizations and licenses being set forth on Schedule J hereto

(c) UCIA's Right to Observe Business. During the period commencing on the Contract

Date and prior to the Closing Date, the UCIA and its agents and employees may, from time to time, during normal business hours and at reasonable intervals, and upon no less than 24-hours notice, enter the Hospital and observe, in the company of the County's representatives, and in such manner as to create no interference or interruption of the ordinary course of care provided to residents, the business conducted therein in order that the UCIA may become familiar with the Hospital and its business; and the County agrees to permit the UCIA, its agents and employees, the right to observe the operation of the Hospital's business at such time. The foregoing shall, at all times, be subject to all patient rights of privacy, confidentiality, and privilege. Nothing herein shall limit pre-Closing access to patients' files and records by the UCIA, its agents and representatives to facilitate a safe and efficient Transition Plan; provided, however, that to the extent required by law, the UCIA, its agents and representatives, shall execute an agreement pursuant to which the UCIA, its agents and representatives shall agree to keep and maintain such patients' files and records as confidential,

(d) Inventory. The County shall permit the UCIA to inventory the Hospital Business Assets during the Due Diligence period. Following the Due Diligence period, the UCIA shall provide the County with a detailed list of the personalty, goods, supplies, equipment, and the like (the "Inventory Items") to which the UCIA will take title at Closing. In the event any of the Inventory Items are destroyed, missing or otherwise not transferred at Closing, the Closing Adjustments will include credit to the UCIA for the value of such Inventory.

(e) Operation of Hospital Prior to Closing. During the period commencing on the Contract Date and prior to the Closing Date, the County shall continue to operate the Hospital in a manner consistent with its historical operation, and no material adverse change in the business operations of the Hospital or the Hospital Assets, shall have occurred, except for changes in the ordinary course of business, none of which, individually or in the aggregate, has been or will be material.

(f) Survival. The foregoing representations and warranties by the County included in this Article IV are true and complete as of the date of this Agreement and shall be true and complete on the Closing Date.

Section 4.2 UCIA's Use of the Hospital as a Hospital or Other Health-Related Facility; Preference to Union County Residents. (a) Subsequent to conveyance or transfer, as the case may be, of the Hospital Real Property and the Hospital Business Assets from the County, under the terms of this Agreement, the Hospital shall, in accordance with the restrictive covenant that shall be contained in the Deed, continue in perpetuity to be utilized as a Hospital, or other related healthcare facility for a period of 99 years, unless such covenant is removed by operation of law or by agreement of the Parties. In the event the UCIA determines to relocate the Hospital and Hospital operations to another location within the County of Union, UCIA shall seek the approval of the County, which approval shall not be unreasonably withheld; provided, however, that the County shall have the right to require the UCIA to maintain the same covenant, i.e., 99 years, on the new location minus the number of years the UCIA operated the Hospital at its present location. The UCIA may transfer ownership of the Hospital at any time (in accordance with Applicable Laws) so long as such transfer does not violate the requirements of this Section 4.2, or the Deed.

(b) Survival. The provisions of Section 4.2 shall survive Closing. Notwithstanding anything herein to the contrary, in the event UCIA breaches Section 4.2, the County shall be entitled to a suit seeking specific performance and injunctive relief, or, in the alternative, pursue any other

remedy that may be available to the County at law or in equity.

Section 4.4 Covenants of the County with Respect to the Hospital Business Assets. The UCIA agrees that at the Closing, the County will convey the Hospital Business Assets to the UCIA free and clear of all violations, liens and encumbrances except the Permitted Liens. From and after the date of this Agreement and until the Closing Date, except as otherwise consented to by the UCIA in writing:

(a) The County shall operate the business of the Hospital in the ordinary course, in a businesslike manner and in substantially the same manner as it has heretofore, in accordance with Applicable Law.

(b) The County shall provide the UCIA with copies of all the DOH and/or DHS surveys, reports and government notices that are received by the County subsequent to the date hereof. The County shall timely file Plans of Correction, if necessary;

(c) Except in the ordinary course of business, the County shall not acquire or dispose of any fixed assets, make any capital expenditures, change employment terms for any executive which may bind the UCIA, or institute, amend, or terminate any employment benefit plan, or enter into, amend, or terminate any material or long-term contract that cannot be terminated upon thirty (30) days notice without cost or penalty, without the written consent of UCIA, not to be unreasonably withheld or delayed. This provision does not apply to professional or industry groups, or organizational memberships including but not limited to independent practice associations, from which County may withdraw or join at will;

(d) The County shall maintain and keep the Hospital Business Assets in good condition and working order, including making necessary repairs and replacements, ordinary wear and tear, depreciation and casualty excepted;

(e) The County shall maintain and preserve intact the business organization relating to the Hospital and to retain adequate staffing of the Hospital and to maintain the Hospital's relationship with physicians, employees, residents, resident's families, suppliers, customers, and other having business relationships with the Hospital so that they will be preserved for the UCIA on the date of the Closing.

(f) Without the written consent of the UCIA, which shall not be unreasonably withheld or delayed, the County shall not enter into any contract, lease or agreement in excess of \$10,000 (a) not in the ordinary course of business, and (b) not terminable by County or the UCIA upon thirty (30) days or less notice and without cost or penalty;

(g) The County shall comply with all terms, conditions and provisions of all leases, liens, mortgage(s), agreements, insurance policies and other contractual arrangements;

(h) The County shall promptly furnish UCIA with such information and accounting with respect to the operation and maintenance of the Hospital, as UCIA may reasonably request. County will afford Purchaser, and its agents, reasonable access to the Hospital during normal business hours upon request.

(i) The County shall maintain all books and records in accordance with past practice;

(j) The County shall pay when due (or withhold and pay over, if required), all taxes, assessments, charges or levies, if any, imposed upon County, the Hospital or on any of the Hospital

Business Assets;

(k) The County shall promptly advise the UCIA in writing if the County becomes aware of any threatened or actual claim, action, suit or proceeding, arbitration or investigation against the Hospital or an employee that may materially adversely affect the operations, properties, assets or prospects of the Hospital;

(l) The County shall continue to fund all Plans in accordance with the terms thereof through the Closing Date.

(m) The County shall keep in full force and affect all Licenses and insurance policies.

(n) The County shall remedy and clear any violations relating to the Hospital and the Hospital Real Property occurring or noticed prior to the Closing Date.

(o) The County shall maintain at all times not less than 21 days of inventory and supplies.

Section 4.3 Commencing on the Contract Date and continuing through the Closing Date or the earlier termination of this Agreement, County shall not, without the prior written consent of UCIA, which consent may be unreasonably delayed or denied:

(a) sell, assign or otherwise transfer or dispose of any Hospital Business Asset except in the ordinary course of business and, if valued in excess of Five Thousand Dollars (\$5,000.00) per item, without obtaining a comparable replacement; or

(b) make any major capital improvements unless requested, demanded or ordered by the DOH or DHS or any other local, state or federal governmental authority or agency thereof, in which event County shall provide UCIA with written notice thereof as soon as possible; or .

(c) create or assume any new mortgage, security interest or other lien or encumbrance that is not pre-payable without penalty or charge, of any nature upon any of the Hospital Business Assets.

ARTICLE V

ENVIRONMENTAL CONDITIONS; DUE DILIGENCE; INSPECTION

Section 5.1 Right of Entry and Right to Inspect.

(a) The UCIA shall have 60 days from the Contract Date (the "Due Diligence Period") to conduct any and all inspections of the Hospital and the Hospital Real Property (which, for purposes of this Article V, shall be called the "Premises"), and to complete any due diligence in connection therewith, including, without limitation, title, flood, tidelands and zoning investigation, structural investigation, soil tests, surveys, engineering studies, geo-technical studies, environmental studies and investigations and physical inspections of the Premises and such inspection shall include, but not be limited to, inspections of the process, procedures, management books and records of the Hospital and the Hospital Assets (the "Investigations") .

If the UCIA discovers any defect (other than any defect previously disclosed to the UCIA), the UCIA shall have the right to terminate this Agreement for any or no reason by delivery to the

County of a notice of termination no later than by the end of the day one (1) business day after the 60th day from the Contract Date. In case of such termination the Parties shall have no further rights or liabilities hereunder except for any provisions in this Agreement that expressly survive such a termination and the County's return to the UCIA of the Deposit. If the UCIA does not timely deliver a notice of termination to the County within such period, the UCIA shall be deemed to have accepted any such defect and the County and the UCIA shall proceed to Closing and this Agreement shall be deemed effective.

(b) The County hereby grants to the UCIA, its employees, agents, consultants and contractors, the right to enter onto the Premises upon at least twenty-four (24) hours' prior written notice to the Hospital Administrator, to have physical access to the Premises to conduct, at Purchaser's sole cost and expense, any and all Investigations. In connection with the Investigations, Purchaser and its agents shall not: (i) unreasonably disrupt or interfere with the business operation of the Hospital, or (ii) engage in any invasive test or procedure that would or may, in the sole opinion of the County, cause or result in any damage to the improvements on the Premises unless such testing is insured as described below and assurances are in place to repair such potential physical damage prior to such Investigations; provided however, that nothing herein shall limit Purchaser's ability to affect borings on paved, concrete or dirt open areas or areas of vegetation or pedestrian or vehicular traffic or the like. The UCIA may assign any of its specific rights under this Agreement to Center Management to effectuate the UCIA's obligations to perform under this Agreement, including but not limited to, the right of access under this Section 5.1.

(c) The UCIA shall be liable for all damage or injury to any person or property based upon any action or failure to act in connection with any Investigation it undertakes, whether occasioned by the acts of Purchaser or any of its employees, agents, representatives or contractors, and the UCIA shall indemnify, defend and hold harmless the County and its officers, elected officials, and employees from any claims, causes of action, costs, expenses, damages, or liability in connection therewith, unless caused by the County's negligence or willful misconduct, including, without limitation, legal and other professional consultant fees and expenses. The UCIA shall, in any event repair and/or restore the Premises to the condition existing as of the date of this Agreement. This indemnification by the UCIA, and covenant to repair and restore, shall survive the Closing or termination of this Agreement. In addition to the foregoing, the UCIA, and its agents, contractors, and representatives that will investigate the structural, environmental or geo-technical conditions, which require any form of mechanical or invasive testing, shall, as a condition of any such access, entry, and the Investigations, deliver certificates of insurance for comprehensive public liability insurance on an "occurrence basis" against claims for "personal injury," including without limitation bodily injury, death or property damage occurring on, in or about the Premises and the adjoining streets, sidewalks and passageways; provided, however, that such requirement may be satisfied by insurance procured by the third party agents, contractors, or consultants of Purchaser to the extent of and regarding their specific, respective entries and activities on the Premises, if such insurance otherwise complies with the requirements of this Section. Each such certificate shall (i) evidence coverage and limits reasonably satisfactory to the County, (ii) shall name the County as an additional insured, and (iii) shall not be cancelable or non-renewable without at least ten (10) days prior written notice to the County. All insurers issuing such certificates shall have a rating that is satisfactory to Seller, in its sole discretion, according to A.M. Best & Company Insurance Guide.

(d) After conducting Investigations, the UCIA shall, within ten (10) days following its receipt of definitive reports concerning conditions at or on the Premises (i.e., structural, environmental, geo-technical, etc., ("Condition")) exists at or on the Premises. Following receipt of such notice, the UCIA shall notify Purchaser whether the UCIA is prepared, at its sole option, to remediate or otherwise correct any such condition. In the event that the County, in its sole discretion, determines not to remediate such condition, the UCIA shall have the option to proceed with this Agreement, or to terminate this Agreement. Such termination shall be effective on a date which is five (5) days subsequent to the date upon which notice is provided by the Sellers of such decision. Notwithstanding anything to the contrary herein, if the County shall be required pursuant to another Section of this Agreement to repair or remediate the Condition, then the County shall not have the ability to terminate this Agreement.

(e) The UCIA acknowledges and agrees that except as set forth in this Agreement, the County has not made, and does not make, and specifically negates and disclaims any representations, warranties, covenants, or guaranties of any kind whatsoever, whether express or implied, oral or written, past, present, or future, of, as to, concerning or with respect to the Premises, including, without limitation, (a) the value, nature, quality or condition of the Premises; (b) the water, soil and geology of the Premises; (c) the income to be derived from the Premises; (d) the suitability of the Premises for any and all activities and uses which the UCIA may conduct thereon; (e) the compliance of or by the Premises or its operation with Applicable Laws; (f) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Premises; (g) the manner or quality of the construction or materials at or on the Premises; (h) the manner, qualify, state of repair or lack of repair of the Premises; or (i) any other matter with respect to the Premises.

Section 5.2 Environmental Conditions.

(a) The County has not conducted a thorough environmental Investigation of the Premises. Certain information concerning the environmental conditions at the Premises has been provided to the UCIA (see Appendix A to the Requests for Proposals). In accordance with Section 5.1, supra, the UCIA may, during the Due Diligence Period, conduct whatever environmental investigations of the Premises it deems appropriate including, without limitation, a Preliminary Assessment Report ("Phase I Study") in accordance with NJDEP's Technical Regulations. In the event the UCIA conducts such Investigation, it shall, within ten (10) days following its receipt of definitive reports concerning environmental conditions at or on the Premises, notify the County of any finding that an adverse environmental condition exists at or on the Premises.

(b) (i) The County shall be solely responsible and liable for and shall fully protect, indemnify, defend, and hold harmless the UCIA, its officers, directors, agents, employees, representatives, affiliates, successors and assigns, from and against any and all causes of action, claims, charges, costs, damages, enforcement actions, directives, fines, injuries, judgments, liabilities, losses, penalties, and all costs and expenses incidental thereto, including, without limitation, reasonable attorneys fees, expert and consultant fees and laboratory costs, arising at law or in equity, of every kind or nature whatsoever, whether direct or indirect, known or unknown, which Purchaser, may hereafter incur, become responsible for or pay out as a result of Hazardous Substances located on, at or under the Premises as of the Closing Date including, but not limited to the costs of remediation associated with the condition described in Section 5.1(a).

(ii) the UCIA shall be solely responsible and liable for and shall fully protect, indemnify, defend, and hold harmless the County, its officials, officers, directors, agents, employees, representatives, affiliates, successors and assigns, from and against any and all causes of action, claims, charges, costs, damages, enforcement actions, directives, fines, injuries, judgments, liabilities, losses, penalties, and all costs and expenses incidental thereto, including, without limitation, reasonable attorneys fees, expert and consultant fees and laboratory costs, arising at law or in equity, of every kind or nature whatsoever, whether direct or indirect, known or unknown, which the UCIA may hereafter incur, become responsible for or pay out as a result of Hazardous Substances located on, at or under the Premises resulting from the UCIA's use of the Premises.

(c) This Section 5.2 shall survive the Closing.

ARTICLE VI

CASUALTY AND CONDEMNATION

Section 6.1 Casualty. Subject to the provisions of this Section 5.1, during the executory period of this Agreement, the risk of loss of the Hospital Assets shall be on the County and not on the UCIA. The previous sentence notwithstanding, if, prior to the Closing Date, the Hospital Assets or any part thereof shall have suffered loss or damage on account of fire, flood, earthquake, accident, act of war, civil commotion or other cause or event beyond the reasonable power and control of the County of a value of less than Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), then the Parties shall close the transactions contemplated hereby without reduction in the Purchase Price, except as noted in the next sentence. In such event, UCIA shall be entitled to all insurance proceeds payable by reason of such loss or damage to the Hospital Assets upon the Closing, and shall be assigned same at Closing by the County, and shall further obtain a credit against the Purchase Price at Closing equal to the applicable deductible, any, arising under County's insurance policies relating to such loss. If, prior to the Closing Date, the Hospital Assets or any part thereof shall have suffered loss or damage on account of fire, flood, earthquake, accident, act of war, civil commotion or other cause or event beyond the reasonable power and control of County in excess of a value of \$250,000.00) or more, the UCIA shall have the right to (i) terminate this Agreement by giving written notice to the County within ten (10) calendar days after the date on which the UCIA receives written notice from the County which describes such loss or damage, or (ii) proceed to Close the transactions hereby contemplated without any reduction in the Purchase Price, except as noted in the second following sentence. In the event of termination, the County shall be entitled to retain all insurance proceeds payable by reason of any such loss or damage to the Hospital Assets. If the UCIA consummates the sale of the Hospital Assets, then the UCIA shall be entitled to all insurance proceeds payable by reason of loss or damage to the Hospital Assets upon the Closing, and shall be assigned same at Closing by the County, and shall further obtain a credit against the Purchase Price at Closing equal to the applicable deductible arising under the County's insurance policies relating to such loss.

Section 6.2 Loss Prior to Closing Date: No Change in Licensed Services. In the event of any physical damage to the Hospital Business Assets or the Hospital Real Property or condemnation

prior to the Closing Date where the Hospital can continue to operate and use all 300 of its LTCU Hospital beds and all 44 of its APCU beds on the Closing Date, and all necessary repairs shall not have been completed by the Closing Date, this Agreement will continue in full force and effect with no reduction in Purchase Price, and the County: (a) will assign to the UCIA, without recourse, all of the County's right, title and interest in and to any proceeds of all insurance policies maintained by the County or the Hospital affecting the Hospital Business Assets and the Hospital and any condemnation awards; (b) pay the UCIA all proceeds received by the County from any insurance policies maintained by the County or the Hospital affecting the Hospital Business Assets and the Hospital and (c) with respect to an insured casualty, pay the UCIA the amount of any deductible pursuant to the insurance policy and any shortfall between the amount of the County's claim to the insurance company and the amount paid by the insurance company, up to the actual cost of the repair.

Section 6.3 Loss Prior to Closing Date: Change in Licensed Services. In the event of any physical damage to the Hospital Business Assets or the Hospital Real Property or condemnation prior to the Closing Date where the Hospital cannot continue to operate and use all 300 of its LTCU beds and all 44 of its APCU beds on the Closing Date, the Parties will have the following options:

(a) The UCIA may, in its sole discretion, terminate this Agreement upon written notice to the other delivered within thirty (30) days from the date of receiving notice of the destruction or taking. In the event of such termination, and subject to the provisions of this Section 6.3, all further rights and obligations of the Parties will be canceled, and the Deposit shall be returned to the UCIA.

(b) In the event that the UCIA issues a notice of termination as provided in this Section 6.3, the County may, within thirty (30) days of receipt of such written notice, exercise by written notice to the UCIA an option to restore the Hospital Business Assets and the Hospital Real Property to substantially the conditions that existed before the loss, at the County's sole cost and expense. If the County exercises such option, the County shall be entitled to such adjournment of the Closing as may be necessary to accomplish the repair or construction, not to exceed sixty (60) days; and

(c) If neither Party terminates this Agreement in accordance with the provisions of this Section 6.3, then the Parties will proceed to Closing and at such Closing, the County (i) will assign to the UCIA, without recourse, all of the County's right, title and interest in and to any unexpended proceeds receivable from any insurance policies maintained by the County affecting the Hospital Business Assets and the Hospital Real Property and any condemnation awards; (ii) pay the UCIA all unexpended proceeds received by the County from any insurance policies maintained by the County affecting the Hospital Business Assets and the Hospital Real Property; and (iii) with respect to an insured casualty, pay to the UCIA the amount of any deductible pursuant to the insurance policy.

At any Closing pursuant to this Section 6.3, there shall be a *pro rata* reduction in the Purchase Price based upon the number, if any, of the 300 LTCU beds and the 44 APCU beds that DOH or DSH determines must be removed permanently from operation and use at the Hospital, the value of which shall be established pursuant to the "per bed" valuation set forth in Schedule _____ hereto. The Parties agree that the decision of DOH and/or DHS in this regard shall be final. Notwithstanding the foregoing, if the reduction in Purchase Price would exceed fifteen percent

(15%) of the Purchase Price, then the County shall have the right to terminate this Agreement, in which event the County will reimburse the UCIA for its costs and expenses incurred in connection with this Agreement, in an amount not to exceed One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00)

Section 6.4 Condemnation. (a) If, prior to the Closing Date, the Hospital Real Property or any substantial portion thereof is affected by any eminent domain or other condemnation or similar proceeding, initiated by the State of New Jersey, its agencies or instrumentalities, then by written notice mailed within ten (10) calendar days following the UCIA's receipt of notice of the event in question (i) the UCIA may elect to cancel this Agreement, in which event neither Party shall have any liability or obligation to the other pursuant to this Agreement, and the UCIA's Deposit shall be returned to the UCIA; or (ii) the UCIA may elect to consummate the Transaction in accordance with this Agreement to the same extent as if the event in question had not occurred, in which event the UCIA shall receive such eminent domain, condemnation or other proceeds or other sums due or payable on the Closing or the taking, whichever occurs later, and shall receive an assignment of same from the County at Closing.

(b) Should such taking of the Hospital Real Property or any part thereof prior to the Closing be less than substantial, the UCIA shall not have the option set forth in subsection (a) immediately above, this Agreement shall remain in full force and effect to the same extent as if the event in question had not occurred and the UCIA shall receive all eminent domain, condemnation or other proceeds due or payable on the taking. In such event, the County shall assign all of its rights to such proceeds to the UCIA at the Closing, and shall cooperate with the UCIA thereafter respecting the UCIA's right to receive same.

(c) For purposes of this Section 6.4, "substantial" shall mean a taking which would, in the reasonable judgment of the Purchaser, render the Hospital unsuitable for the operation of an LTCU and/or an APCU by adversely affecting the revenue or expenses of the Hospital. Should the County disagree with the UCIA's belief as to whether an event described in this subsection is or is not substantial, the County shall notify the UCIA of its disagreement within twenty (20) calendar days of their receipt of the UCIA's notice with respect thereto, and the Parties shall thereupon each appoint a fully qualified and licensed expert experienced in evaluating nursing homes in the general geographic area of the Hospital, within twenty (20) calendar days thereafter, and such experts shall make a joint inspection of the Hospital Assets within twenty (20) calendar days of their appointment, and the two appraisers shall at the time of the inspection determine whether they agree that the taking is or is not substantial. If the experts are not in agreement, then the appointed experts shall meet and within twenty (20) calendar days appoint a third expert mutually acceptable to them to render a written determination within twenty (20) calendar days, whose determination in respect of the value of the taking shall be conclusive, subject to either party's right to appeal to the Superior Court of the State of New Jersey. Failure on the part of either Party or the person appointed by such Party to comply with the appointments and the decisions within the various twenty (20) calendar day periods described in this subsection shall constitute a waiver of all rights on the part of such Party to dispute the determination of the other Party as to whether the taking is or is not substantial. Each Party shall pay the fees, costs, and expenses of its chosen expert; if a third expert is appointed pursuant to this subsection, then the fees, costs, and expenses of such third expert shall be paid by the party with whose appraiser such third expert disagreed.

ARTICLE VII

BREACHES AND DEFAULTS

Section 7.1 Breach of Obligations, Representations or Warranties by the UCIA. If at any time subsequent to the Contract Date and prior to the Closing Date, (a) the UCIA shall breach any material obligation, covenant or warranty made by it herein, or (b) any representation made by the UCIA herein shall be (or prove to be) false in any material respect, then, upon the UCIA's providing written notice thereof to the County, the UCIA shall proceed with due diligence and dispatch to take all such actions as shall reasonably be required to cure such breach, and the County UCIA shall continue to take all such actions until such breach is cured.

Section 7.2 Events of Default by the UCIA. Subject to the provisions of Section 7.1 hereof, any one or more of the following shall constitute an Event of Default by the UCIA hereunder:

(a) Failure by the UCIA (within thirty (30) days of either the occurrence or notice of any event described in Section 7.1 above, whichever is later), to cure such breach; provided however that, as long as the UCIA is diligently pursuing such cure, and if, in the reasonable judgment of the County and/or the UCIA, there is a reasonable likelihood that such breach shall be cured within such thirty (30) day period, then failure to cure such Event of Default shall not constitute an Event of Default until the 90th day after such breach has occurred or such notice has been provided, whichever is later; or

(b) Any Act of Bankruptcy on the part of the UCIA has occurred prior to satisfaction of the terms and conditions of this Agreement.

Section 7.3 Remedies of the County. The remedies for the occurrence of an Event of Default set forth under Section 7.2 hereof, and the UCIA's failure to cure such default, shall be, at the option of the County a suit seeking specific performance by the UCIA of the provisions of this Agreement and injunctive relief; termination of this Agreement; or the pursuit of any other remedies that may be available to the County at law or in equity. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

Section 7.4 Breach of Obligations, Representations or Warranties by the County. In the event that the County shall breach any material obligation herein, or any covenant or warranty made by it herein, or if at any time any representation made by the County herein shall be or prove to be false in any material respect then, upon the UCIA's providing written notice thereof to the County, the County shall proceed with due diligence and dispatch to take all such actions as shall reasonably be required to cure such breach and the County shall continue to take all such actions until such breach is cured.

Section 7.5 Events of Default by the County. Subject to the provisions of Section 7.4 hereof, any one or more of the following shall constitute an Event of Default by the County hereunder:

(a) Failure by the County (within thirty (30) days of either the occurrence or notice of any event described in Section 7.4 above, whichever is later), to cure such breach; provided however that, as long as the County is diligently pursuing such cure, and if, in the reasonable judgment of the UCIA and/or the County, there is a reasonable likelihood that such breach shall be cured within such thirty (30) day period, then failure to cure such Event of Default shall not constitute an Event of Default until the 90th day after such breach has occurred or such notice has been provided, whichever is later; or

(b) Any Act of Bankruptcy on the part of the County has occurred prior to satisfaction of the terms and conditions of this Agreement; or

(c) Inability of the County to consummate the Transaction because Center Management or an Alternative Proposer has defaulted on or terminated the UCIA Conveyance Agreement or the County License and Operations Agreement.

Section 7.6 Remedies of the UCIA. The UCIA's remedies for the County's default as set forth under Section 7.5 hereof, and the County's failure to cure such default, shall be, at the option of the UCIA, a suit seeking specific performance by the County of the provisions of this Agreement and injunctive relief; termination of this Agreement; or the pursuit of any other remedies that may be available at law or in equity. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

Section 7.7 Remedy for Non-Marketable Title; Reimbursement of the UCIA's Expenses Under Certain Circumstances. In the event that the County cannot convey to the UCIA marketable title to the Hospital Real Property as required in Section 2.11 of this Agreement, the UCIA shall be entitled to terminate this Agreement upon written notice to the County. In addition to the return of its Deposit, the UCIA's sole remedy under this Section 7.7 shall be reimbursement by the County of up to One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) for the UCIA's actual expenses incurred in connection with the Transaction, including, but not limited to, the UCIA's legal fees and expenses, environmental investigations, title examination expenses, survey and architectural fees and expenses, attorneys' fees, expenses incurred in recruitment and employment of staff, and fees and expenses incurred in connection with the Due Diligence examinations and Investigations contemplated in this Agreement.

Notwithstanding anything to the contrary in this Agreement, the UCIA shall always have the opportunity to close subject to any right of the County to cancel this Agreement, by either utilizing the remedies set forth in that specific section giving rise to the County's right to terminate, or, to close subject to such issue, where there is no such offset or other remedy.

Section 7.8 Non-waiver. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient by the non-breaching Party in its sole discretion. No waiver of the occurrence of any Event of Default hereunder, whether by the UCIA or the County, shall extend to or shall affect any subsequent Event

of Default or shall impair any rights or remedies consequent thereto.

Section 7.9 Exclusion of Consequential Damages. Except as expressly provided below, neither Party shall be liable for or obligated to pay incidental, special, punitive, consequential or indirect damages or lost profits in connection with the performance or alleged breach of this Agreement; provided, however, that in the event a Party fails to perform its obligations hereunder while a dispute is pending, such non-performing Party shall be liable for and obligated to pay incidental, consequential or indirect damages or lost profits resulting from such non-performance to the other Party.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Indemnification by the UCIA. The UCIA agrees to protect, indemnify, defend and hold the County, and its officers, members, employees, and agents, successors and assigns, free and harmless from and against any and all claims, debts, liabilities, obligations, losses, fines, penalties, judgments, assessments, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses), liens and encumbrances accruing, based upon, resulting from or directly or indirectly arising out of (i) any breach or violation of any representation, warranty, covenant, stipulation, agreement or certification by the UCIA set forth in this Agreement or in any document delivered hereunder, provided that such breach or violation has been determined to have occurred by a court of competent jurisdiction or (ii) the breach by the UCIA of any other term or provision of this Agreement, provided such breach has been determined to have occurred by a court of competent jurisdiction; (iii) any damages to the Hospital Assets caused by the negligence, gross negligence or intentional acts of the UCIA, its agents, employees, independent contractors, officers or directors, prior to the Closing Date; or (iv) any facts or events occurring after the Closing Date and connected with the Hospital Real Property and/or the Hospital Business Assets, the activities of the UCIA or the operations of the Hospital; provided, however, the indemnity shall not apply to any liability arising from a breach of this Agreement by the County, provided that such breach has been determined to have occurred by a court of competent jurisdiction, or other act or omission by the County occurring on or before the Closing Date

.Section 8.2 Indemnification by the County . To the extent permitted by law, and subject to the limitations set forth in Section 8.3 below, the County agrees to protect, indemnify, defend, and hold the UCIA and its members, officers, trustees, affiliates, agents, legal representatives, successors and assigns, and each of them, free and harmless from and against any and all claims, debts, liabilities, obligations, losses, damages, fines, penalties, judgments, assessments, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses), liens and encumbrances accruing based upon, resulting from or directly or indirectly arising out of (i) any breach or violation of any representation, warranty, covenant, stipulation, agreement or certification by the County or the UCIA set forth in this Agreement or in any document delivered hereunder, provided such breach or violation has been determined to have occurred by a court of competent jurisdiction; or (ii) the breach by the County of any other term or provision of this Agreement, provided such breach has been determined to have occurred by a court

of competent jurisdiction; or (iii) any facts or events occurring prior to the Closing Date and connected with the Hospital Real Property and/or the Hospital Business Assets, the activities of the County or the operation of the Hospital; or (iv) any Medicare or Medicaid claims concerning facts or events occurring prior to the Closing Date and connected with the operations of the Hospital; provided, however, that the indemnity shall not apply to any liability arising solely as a breach of this Agreement by the UCIA, so long as such breach has been determined to have occurred by a court of competent jurisdiction, or other act or omission by the UCIA occurring on or after the Closing Date; and provided further that with respect to claims made as described in (iv) of this Section 8.2, the UCIA shall direct requests for indemnification to the County, attention Chief Financial Officer, and copy to Director of the Department of Human Services.

Section 8.3 Indemnification by County With Respect to Certain Claims. Anything in Section 8.1 to the contrary notwithstanding, to the extent permitted by law, the County agrees to indemnify and hold the UCIA, and its respective affiliates, representatives, trustees, agents, and employees harmless from any and all claims related to the UCIA's offer to purchase and ownership of the Hospital Real Property and/or the Hospital Business Assets, arising out of (a) any claim by any labor organization, or present or former County Employees that (i) the County does not have the authority to sell the Hospital to the UCIA; (ii) the UCIA is a single, joint or alter ego of the County in regard to the ownership or operation of the Hospital; or (iii) the UCIA is in any manner obligated to the County Employees; or, (b) any other claim now or hereafter made by any labor organization, employee, citizen or third party bidder against the UCIA relating to or arising out of its offer to purchase the Hospital; provided, however, that any and all claims for (i) tortious interference with contract; (ii) tortious interference with prospective economic advantage; and (iii) conspiracy, are expressly excluded from this indemnification, and the County does not undertake to indemnify the UCIA, and its respective representatives, trustees, agents, and employees in any way for such claims. This claim for indemnification will include any costs or expenses incurred by the UCIA for attorneys' fees, compensatory damages, legal relief, equitable relief or other relief or remedy in connection with any civil litigation or any administrative proceeding. Except as provided herein, this indemnity is without limitation or condition and shall not be affected or abrogated by reason of any claim asserting or alleging that the UCIA was responsible for the alleged harm or wrongdoing.

Section 8.4 Rights of the UCIA Upon Failure of Title. If, at any time subsequent to the Closing Date, a court having competent jurisdiction shall enter a final judgment or order that the Transition Plan, and the effectuation thereof, are unlawful and, as a consequence thereof, title to the Hospital Real Property shall, by court order or operation of law, revert from the UCIA to the County, then in such event (and only in such event), the County shall forthwith reimburse the UCIA for the following: (a) the Purchase Price (provided, however, that the County's obligations under this subdivision shall be reduced, dollar for dollar by the amount, if any, actually received by the UCIA representing the proceeds of any title insurance policy held by the UCIA at the time of Closing; (b) all costs and expenses incurred by the UCIA subsequent to the Closing Date in the development, repair and improvement of the Hospital and the Hospital Real Property, such costs and expenses being equal to the actual cost of such improvement and development minus accumulated depreciation, as reflected in the capital facilities allowance reports or other similar cost reports filed by the UCIA; and (c) all costs and expenses incurred by the UCIA in connection with termination of operations at the Hospital or at other facilities operated

by the UCIA at the Hospital, including, without limitation, costs and expenses of moving, relocation, termination of employment, payment of termination or severance benefits to employees of the Purchaser who are employed at the Hospital or at other facilities operated by the Purchaser or any affiliate at the Hospital and other similar costs and expenses associated with the closure of Purchaser's and any such affiliate's operations.

Section 8.5 Control of Defense of Indemnifiable Claims. Any Party seeking indemnification under this Agreement (each, an "Indemnitee") shall give the Party from whom indemnification is sought (the "Indemnitor") written notice within ten (10) days of each claim for which it seeks indemnification. Failure to give such prompt notice shall not relieve Indemnitor of its indemnification obligation; provided that such indemnification obligation shall be reduced by any damages the Indemnitor demonstrates it has suffered resulting from a failure to give prompt notice hereunder. The Indemnitee, at its own expense, shall be entitled to participate in the defense of such claim and Indemnitor shall keep Indemnitee apprised of all material developments in any indemnified matter. If at any time the Indemnitor acknowledges in writing that the claim is fully indemnifiable by it under this Agreement, the Indemnitor shall have the right to assume control of the defense of such claim at its own expense. If the Indemnitor does assume control of the defense of any such claim in accordance with the foregoing sentence, then: (a) the Indemnitor shall not defend the claim for which indemnification is being sought in any manner that would likely have a material adverse effect on the Indemnitee or on any relationship that the Indemnitee may have with any customers, vendors, suppliers or others, and (b) the Indemnitee shall not settle such claim without the written consent of the Indemnitor, which consent shall not be unreasonably withheld, delayed or conditioned. Nothing contained in this Section 8.5 shall prevent either Party from assuming control of the defense and/or settling any claim against it for which indemnification is not sought under this Agreement.

Section 8.6 Survival. The indemnification obligations of the Parties set forth in this Article VIII shall survive the Closing for three (3) years and only for claims made during such period.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Compliance with Applicable Laws. From the date of this Agreement until the Closing Date, the County shall take all actions required to comply with all Applicable Laws relating to its utilization of the Hospital Assets.

Section 9.2 Dispute Resolution. Notwithstanding anything herein to the contrary, the Parties may resolve any disputes which may arise among them through any available legal or equitable procedure. In addition, the Parties may, on a case-by-case basis, agree to submit any dispute to a non-binding arbitration procedure in order to create a factual record which will be available for use by a court of competent jurisdiction in any subsequent action relating to such dispute. Unless otherwise agreed to in writing or as provided below, the Parties shall continue to

perform their respective obligations under this Agreement during any dispute resolution process.

Section 9.3 Further Assurances. Each Party shall execute and deliver any instruments and perform any acts that may be necessary or reasonably requested in order to give full effect to the terms of this Agreement. Each Party shall use all reasonable efforts to provide such information, execute such further instruments and documents and take such action as may be reasonably requested by the other Parties; provided however, that such actions are not inconsistent with the provisions of this Agreement and do not involve the assumption of obligations other than those which are provided for in this Agreement to carry out the intent of this Agreement.

Section 9.4 Relationship of the Parties. Except as otherwise explicitly provided herein, or by Applicable Laws, no Party to this Agreement shall have any responsibility whatsoever with respect to services that are to be provided or contractual obligations that are to be assumed by the other Party and nothing in this Agreement shall be deemed to constitute any Party a partner, joint venture participant, agent or legal representative of any other Person or to create any fiduciary relationship with any other Person. .

Section 9.5 Waiver. The waiver by any Party of a default or of a breach of any provision of this Agreement by the other Party shall not operate or be construed to operate as a waiver of any subsequent default or breach. The making or the acceptance of a payment by any Party with knowledge of the existence of a default or breach shall not operate or be construed to operate as a waiver of any subsequent default or breach.

Section 9.6 Modification. Modifications, waivers or amendments of this Agreement shall be effective only if set forth in a written instrument signed by each Party after all corporate or other action regarding the authorization for such modifications, waivers or amendments has been taken.

Section 9.7 Headings. The captions and headings in this Agreement are for convenience and ease of reference only and in no way define, limit or describe the scope or intent of this Agreement and such headings do not in any way constitute a part of this Agreement.

Section 9.8 Notices. Any notice or other communication which is required to be given hereunder shall be in writing and shall be deemed to have been validly given if faxed to the telephone number set forth below, delivered in person or mailed by certified or registered mail, postage prepaid, addressed as follows:

If to UCIA:	Daniel P. Sullivan, Executive Director Union County Improvement Authority 1499 Routes 1 and 9 Rahway, New Jersey 07065 Telephone No. 908-820-9710 Email: dsullivan@ucua.org
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with a copy to: Catherine E. Tamasik, Esq.
DeCotiis, FitzPatrick & Cole, LLP
500 Frank W. Burr Blvd., Suite 31
Teaneck, New Jersey 07666
Telephone No.: 201: 928-1100
Email: ctamasik@decotiislaw.com

If to County: Alfred Faella, County Manager
County of Union
Administration Building
2 Elizabethtown Plaza
Elizabeth, New Jersey
Telephone No. 908-527-4982
Email: afaella@ucnj.org

with a copy to: Robert Barry, County Counsel
County of Union
Administration Building
2 Elizabethtown Plaza
Elizabeth, New Jersey
Telephone No. 908- 527-4250
Email: rbarry@ucnj.org

If notice is sent by fax or e-mail, the original executed copy of the notice shall be mailed or delivered as provided above. Changes in the addresses to which such notices may be directed may be revised from time to time by any Party by written notice to the other...

Section 9.9 Closing Date Documents. On the Closing Date, the County and the UCIA shall deliver the documents that are set forth on Schedules E and G hereto.

Section 9.10 Successors and Assigns. This Agreement will be binding upon and will inure to the benefit of the Parties and their respective representatives, successors and Permitted Assigns.

Section 9.11 Severability. In the event that any provision of this Agreement shall be determined for any reason to be invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, the Parties shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or to such other appropriate actions as, to the maximum extent practicable in light of such determination, shall implement and give effect to the intentions of the Parties as reflected herein. Such determination shall not invalidate or render any other provision hereof unenforceable.

Section 9.12 Governing Law. This Agreement shall be governed by the laws of the State of New Jersey. Any litigation that may result from a dispute between the Parties concerning this Agreement and the rights and obligations of the Parties shall be venued in the court for the State of

New Jersey, Union County, or the United States District Court for the District of New Jersey, as applicable.

Section 9.13 Liability of Officers and Employees. Except to the extent provided by Applicable Laws, no officer, elected or appointed official, director, commissioner, trustee, agent, consultant, representative or employee of any Party shall be charged personally by the other Party or held contractually liable thereto under any term or provision of this Agreement, because of any Party's execution or attempted execution or because of any breach or alleged breach thereof; provided however, that all persons and Parties remain solely responsible for any of their own criminal or fraudulent actions.

Section 9.14 Third Party Beneficiaries. It is not intended that this Agreement make any Person or entity a third party beneficiary hereof, notwithstanding the fact that Persons or entities other than the County and the UCIA may be benefitted thereby.

Section 9.15 Merger Clause. This Agreement, including the Schedules hereto, constitutes the entire agreement and understanding of the Parties with respect to the conveyance of the Hospital Real Property and the Hospital Business Assets and all other matters addressed or referred to herein. This Agreement supersedes all prior and contemporaneous agreements and understandings, representations and warranties, whether oral or written, relating to such matters.

Section 9.16 Counterparts. This Agreement may be executed in counterparts with the same effect as if the signatures and seals thereto and hereto were upon the same instrument.

Section 9.17 Survival. All representations, warranties, covenants, stipulations, certificates, indemnities, and agreements contained herein or in any document delivered pursuant hereto shall survive the consummation of the transactions provided for in this Agreement.

THE REMAINDER FO THIS PAGE LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the County and the UCIA have executed this Agreement, intending to be legally bound hereby as of the day and year first above written.

ATTEST:

COUNTY OF UNION, NEW JERSEY

By: _____

By: _____
Alfred Faella, County Manager

ATTEST:

UNION COUNTY IMPROVEMENT AUTHORITY

By: _____
Daniel P. Sullivan, Executive Director

RESOLUTION NO. 51-2014

Member Tondo introduced and moved the adoption of the following resolution and Member Salerno seconded the motion:

**RESOLUTION OF THE UNION COUNTY IMPROVEMENT AUTHORITY
AUTHORIZING THE EXECUTION OF AN AGREEMENT BY AND BETWEEN
THE AUTHORITY AND CENTER MANAGEMENT GROUP, LLC FOR THE
PURCHASE AND SALE OF RUNNELLS SPECIALIZED HOSPITAL**

WHEREAS, The Union County Improvement Authority (the "Authority") has been duly created by an Ordinance of the Board of Chosen Freeholders together with any successor legislative body, the ("Board of Freeholders") of the County of Union, State of New Jersey (the "County") duly adopted as a public body corporate and politic of the State of New Jersey (the "State") pursuant to and in accordance with the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); and

WHEREAS, the County of Union is a political subdivision of the State of New Jersey that owns and operates the Runnells Specialized Hospital (the "Hospital"), a Medicaid-certified and Medicare-certified facility, licensed by the New Jersey Department of Health and the Department of Human Services, which includes a 300-bed licensed long-term care unit ("LTCU") and a separate 44-bed licensed adult psychiatric facility ("APF"), located at 40 Watchung Way, Berkeley Heights, New Jersey; and

WHEREAS, in 2012, the County retained Complete HealthCare Resources-Eastern, Inc. ("CHR") to independently and objectively analyze and evaluate possible options for the Hospital to reduce costs and enable the Hospital to react to a changing health-care environment while continuing to provide high-quality care and services to its residents now and in the future; and

WHEREAS, CHR issued a report entitled Analysis and Development of Options for County of Union Runnells Specialized Hospital dated January 15, 2013 (the "CHR Report"), which concluded that due to declining reimbursements, decreasing occupancy rates and Medicare census, rising employee and operational costs and capital expense requirements, the County should consider several options for the continuation of the Hospital, such as revenue enhancements, expense reductions and alternative ownership; and

WHEREAS, based upon the conclusions and recommendations of the CHR Report, the County determined to explore transferring the Hospital operations to the Union County Improvement Authority for the possible transfer of such operations to a third-party, while simultaneously evaluating methods of revenue enhancement and expense reduction; and

WHEREAS, in 2013, as authorized by their respective governing bodies, the County and the Authority entered into a Memorandum of Understanding; pursuant to which the Authority undertook a Request for Qualifications and Proposals ("RFQ/P") process seeking a private provider that wished to purchase or lease the Hospital; and

WHEREAS, the Authority established a Review Committee for the RFQ/P process, which received five (5) proposals, and the Committee determined to proceed to interview four (4) of the proposers (the "Proposers"), having found one (1) proposal incomplete; and

WHEREAS, the Review Committee interviewed the Proposers no less than twice, and obtained additional information to assist the Review Committee with its evaluation of the Proposals; and

WHEREAS, on or about February 28, 2014, based on the proposals, additional information, and the Proposers' best and final offers, the Review Committee recommended Center Management Group LLC ("Center Management") as the Proposer with which to negotiate for a contract of sale of the Hospital; and

WHEREAS, on March 13, 2014, the Board of Freeholders adopted Resolution 2014-241, authorizing the Review Committee to negotiate an agreement for the purchase and sale of the Hospital with Center Management so that the County may effectuate the transfer of the ownership and operation of the Hospital through (a) the sale and conveyance of the Hospital Assets; (b) the transfer of the County's licenses to operate the Hospital; and (c) a Transition Plan that will ensure the seamless transition of the Hospital operations from the County; and

WHEREAS, the Review Committee and Center Management Group, have substantially completed their negotiations and by its Resolution 2014-421 the Board of Freeholders authorized the County Manager to enter into an agreement between the County of Union and the Authority providing for the purchase and sale of Runnells Specialized Hospital for Twenty Six Million Dollars (\$26,000,000.00) and other good and valuable consideration (the "Agreement"); and

WHEREAS, the Authority and Center Management wish to enter into the Agreement with Center Management to establish the terms and conditions under which the Authority will convey, and Center Management will take, the Hospital Real Property and the Hospital Business Assets at and following the Closing on the Purchase and Sale of the same by the County to the Authority; and

WHEREAS, this Board has determined that the Agreement attached hereto and made a part hereof is in the in the best interests of the Authority, the County and County residents; and

WHEREAS, the County will continue to hold the Hospital Licenses and operate the Hospital until Center Management has initiated a safe and efficient Transition Plan, and the Closings can occur as described in that certain agreement by and between the Authority and the County, pursuant to which the Hospital Real Property and the Hospital Business Assets will be transferred and conveyed from the County to the Authority; and as also described in that certain agreement by and between the County and Center Management, pursuant to which Center will obtain approval from the Department of Health and the Department of Human Services to operate the Hospital in accordance with the Hospital Licenses issued by the same and the County will transfer the operations of the Hospital to Center;

NOW, THEREFORE, BE IT RESOLVED by the Union County Improvement Authority that the Authority is authorized to enter into an Agreement, substantially in the form attached hereto and made a part hereof, between the Authority and Center Management Group LLC, for the purchase and sale of the Hospital Real Property and the Hospital Business Assets; and

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized by this Board to execute the Agreement and any/or all documents necessary to effectuate the purposes of this Agreement, upon approval by the Authority's General Counsel; and

BE IT FURTHER RESOLVED that his Resolution shall take effect immediately upon adoption.

Recorded Vote

NAMES	AYE	NO	ABSTAIN	ABSENT
Sebastian D'Elia, Commissioner	✓			
Linda Hines, Commissioner				✓
Samuel T. McGhee, Commissioner	✓			
Cherron Rountree, Vice Chairperson	✓			
John Salerno, Secretary	✓			
Bryan Tomko, Treasurer	✓			
Carolyn Vollero, Commissioner				✓
Anthony R. Scutari, Chairperson	✓			

CERTIFICATION

I, JOHN SALERNO, Secretary of the Union County Improvement Authority, HEREBY CERTIFY that the foregoing **RESOLUTION OF THE UNION COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE EXECUTION OF AN AGREEMENT BY AND BETWEEN THE AUTHORITY AND CENTER MANAGEMENT GROUP, LLC FOR THE PURCHASE AND SALE OF RUNNELLS SPECIALIZED HOSPITAL** is a true copy of a resolution adopted by the governing body of the Authority on May 21, 2014.

UNION COUNTY IMPROVEMENT AUTHORITY

By: _____

JOHN SALERNO, Secretary

Dated: May 21, 2014

[SEAL]

**AGREEMENT BY AND BETWEEN THE UNION COUNTY
IMPROVEMENT AUTHORITY AND CENTER MANAGEMENT
GROUP, LLC FOR THE PURCHASE AND SALE OF
RUNNELLS SPECIALIZED HOSPITAL**

THIS AGREEMENT, made this _____ day of _____, 2014 (the "Agreement"), by and between the UNION COUNTY IMPROVEMENT AUTHORITY (the "UCIA"), a public body corporate and politic of the State of New Jersey (the "UCIA") and CENTER MANAGEMENT GROUP, LLC (the "Purchaser"), (UCIA and Purchaser sometimes referred to herein as "Parties")

W-I-T-N-E-S-S-E-T-H:

WHEREAS, the Runnells Specialized Hospital (the "Hospital") is a Medicaid-certified and Medicare-certified facility, licensed by the New Jersey Department of Health and the New Jersey Department of Human Services, which includes a 300-bed licensed long-term care unit ("LTCU") and a separate 44-bed licensed adult psychiatric facility ("APF"), located at 40 Watchung Way, Berkeley Heights, New Jersey; and

WHEREAS, the Hospital is and has been in operation since 1912, when it was constructed as a public tuberculosis sanitarium, and since the 1970's, when a new Hospital was built, the Hospital has been providing long-term nursing care, rehabilitation services and psychiatric services to Purchaser residents and others, and

WHEREAS, since 2006, federal and state governments began to move money away from nursing homes to community-based agencies and home care options for senior citizens, and the New Jersey Independence, Dignity and Choice in Long-Term Care Act ensures senior citizens the choice to remain in the community or at home, and

WHEREAS, since 2006, New Jersey's Medicaid Program and the federal government have been underfunding long-term care facilities, and Medicare/Medicaid rates have been reduced each year, making it difficult to operate a nursing home; and

WHEREAS, because most of the Hospital residents are Medicaid eligible, the County has subsidized the Hospital operations to a greater and greater extent each year, and

WHEREAS, in 2012, the County retained Complete HealthCare Resources-Eastern, Inc. ("CHR") to independently and objectively analyze and evaluate possible options for the Hospital to reduce costs and enable the Hospital to react to a changing health-care environment while continuing to provide high-quality care and services to its residents now and in the future; and

WHEREAS, CHR issued a report entitled *Analysis and Development of Options for Purchaser of Union Runnells Specialized Hospital* dated January 15, 2013 (the "CHR Report"), which concluded that due to declining reimbursements, decreasing occupancy rates and Medicare

census, rising employee and operational costs and capital expense requirements, the County should consider several options for the continuation of the Hospital, such as revenue enhancements, expense reductions and alternative ownership; and

WHEREAS, based upon the conclusions and recommendations of the CHR Report, the County determined to explore transferring the Hospital operations to the Union County Improvement Authority for the possible transfer of such operations to a third-party, while simultaneously evaluating methods of revenue enhancement and expense reduction; and

WHEREAS, the UCIA was duly created by an ordinance of the Board of Chosen Freeholders (the "Board of Freeholders") of the County, as a public body corporate and politic of the State of New Jersey (the "State") pursuant to and in accordance with the county improvement authorities law, N.J.S.A. 40:37A-34 *et seq.*, pursuant to which the UCIA is authorized to cooperate and plan with the County for sale and conveyance of the County's, rights, title and interests in the Hospital and Hospital operations to a third party, so as to provide for the continuous operation of the Hospital; and

WHEREAS, in 2013, as authorized by their respective governing bodies, the County and the UCIA entered into a Memorandum of Understanding; pursuant to which the UCIA undertook a Request for Qualifications and Proposals ("RFQ/P") process seeking a private provider that wished to purchase or lease the Hospital; and

WHEREAS, the UCIA established a Review Committee for the RFQ/P process, which received five (5) proposals, and the Committee determined to proceed to interview four (4) of the proposers (the "Proposers"), having found one (1) proposal incomplete; and

WHEREAS, the Review Committee interviewed the Proposers no less than twice, and obtained additional information to assist the Review Committee with its evaluation of the Proposals; and

WHEREAS, the Review Committee obtained an independent appraisal of the Hospital, which appraised value was determined to be \$26,000,000; and

WHEREAS, on or about February 28, 2014, based on the proposals, additional information, and the Proposers' best and final offers, the Review Committee recommended Center Management Group LLC ("Center Management" or "Center") as the Proposer with which to negotiate for a contract of sale of the Hospital; and

WHEREAS, on March 13, 2014, the Board of Freeholders adopted Resolution 2014-241, a copy which is attached and made part hereof, authorizing the Review Committee to negotiate an agreement for the purchase and sale of the Hospital with Center Management so that the County may effectuate the transfer of the ownership and operation of the Hospital through (a) the sale and conveyance of the Hospital Assets (as more fully defined herein); (b) the transfer of the County's licenses to operate the Hospital; and (c) a Transition Plan that will ensure the seamless transition of the Hospital operations from the County, all as more fully described herein; and

WHEREAS, in the event the UCIA and Center Management are unable to arrive at terms of sale acceptable to them and the County, the UCIA may discontinue negotiations with Center Management and negotiate with another Proposer as it may be directed by the Board of Freeholders; and

WHEREAS, on May _____, 2014, the Board of Freeholders adopted Resolution 2014-____ (a copy which is attached and made a part hereof), authorizing the execution of this Agreement, and any other necessary agreements and documents, to effectuate the purchase and sale of the Hospital Real Property and the Hospital Business Assets with the UCIA; and

WHEREAS, on May _____, 2014, the Board of Commissioners of the UCIA adopted Resolution 2014-_____ (a copy which is attached and made a part hereof), authorizing the execution of this Agreement, and any other necessary agreements and documents, to effectuate the purchase and sale of the Hospital Real Property and the Hospital Business Assets with the County; and

WHEREAS, the County will continue to operate the Hospital until the Closing has occurred; and

WHEREAS, the UCIA and the Purchaser desire to enter into this Agreement to establish the terms and conditions under which the UCIA will convey the Hospital Real Property and the Hospital Business Assets to the Purchaser.

NOW, THEREFORE, in consideration of the mutual premises and obligations set forth herein, the Parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

GENERAL

Section 1.1 Definitions. Words and terms that are used herein as defined terms shall (unless otherwise defined herein or unless the context clearly requires otherwise) have the following meanings:

"Act of Bankruptcy" means that the Purchaser (a) shall have commenced a voluntary case under any bankruptcy law, applied for or consented to the appointment of, or the taking of possession by, a receiver, trustee, assignee, custodian or, liquidator of all or a substantial part of its assets; (b) shall have failed, or admitted in writs inability generally, to pay its debts as such debts become due; (c) shall have made a general assignment for the benefit of creditors; (d) shall have been adjudicated a bankrupt, or shall have filed a petition or an answer seeking an arrangement with creditors; (e) shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding; or (f) an order, judgment or decree for relief in respect of the Purchaser shall have been entered in an involuntary case, without the application, approval or consent of the Purchaser by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator for

the Purchaser or for a substantial part of any of its assets and such order, judgment or decree shall continue unstated and in effect for any period of one hundred eighty (180) consecutive days; (g) the Purchaser shall have filed a voluntary petition in bankruptcy; (h) the Purchaser shall have failed to remove an involuntary petition in bankruptcy filed against it within one hundred eighty (180) days of the filing thereof; or (i) an order for relief shall have been entered against the Purchaser under the provisions of the United States Bankruptcy Act, 11 U.S.C.A. § 301.

"Adult Psychiatric Care Unit" or "APCU" means the adult inpatient psychiatric unit at the Hospital.

"Agreement" means this Agreement, including the Schedules hereto and any written amendments hereof or supplements hereto that may be executed from time to time by the Parties hereto.

"ALTA Policy" means a Standard American Land Title Association Owner's Form Policy of Title Insurance with respect to the Hospital Real Property, issued by a title insurance company selected by the Purchaser and authorized to insure titles to real property in the State.

"Applicable Laws" means the laws affecting and applicable to the Hospital Assets and any statute, law, constitution, charter, ordinance, resolution, judgment, order, decree, rule, regulation, directive, interpretation, ordinance, standard or similarly binding authority, which shall be enacted, adopted, promulgated, issued or enforced by a Governmental Body, relating to the Purchaser, the Hospital Assets, Property, the County and/or the UCIA (to the extent related to the Hospital and/or the Hospital Assets), including, but not limited to, permits, licenses, certificates of occupancy.

"APCU Licensed Capacity" means the 44 licensed beds in the APCU, as evidenced by the Certificate of Need.

"Certificate of Need" means the Certificate of Need issued to the County by the DHS for or with respect to the operation of the APCU, or the Certificate of Need issued to the County by the DOH for or with respect to the operation of the LTCU.

"Closing Date" means October 1, 2014, or other such date as may be agreed upon by the Parties.

"Closing" means the date on which the Hospital Real Property, the Hospital Business Assets and the Hospital Licensed Capacity are transferred and conveyed by the UCIA and the County to Center Management.

"Contract Date" means the date of execution of this Agreement by all Parties.

"County" or "Union County" means the County of Union, New Jersey, a municipal corporation of the State of New Jersey.

"Deposit" means \$1,300,000 which the Purchaser shall pay upon execution of this Agreement. The Deposit shall be delivered by bank or cashier's check, letter of credit, attorney trust account check, or by wire or electronic transfer to a designated account.

"DHS" means the New Jersey Department of Human Services or any successor agency to which the powers of the DHS have been transferred.

"DHS Approval" means approval by the DHS of the transfer of the County's License to operate the APCU to the Purchaser.

"DOH" means the New Jersey Department of Health or any successor agency to which the powers of the DOH have been transferred.

"DOH Approval" means approval by the DOH of the transfer of the County's License to operate the LTCU to the Purchaser.

"Due Diligence" means the Purchaser's right to examine and investigate the Hospital Assets for a period of 60 days following the Contract Date.

"Environmental Laws" means any and all federal, State, and local laws, statutes, ordinances, regulations, rules, codes, consent decrees, judicial or administrative orders or decrees, directives or judgments relating to pollution, damage to or protection of the environment, environmental conditions, or the use, handling, processing, distribution, generation, treatment, storage, disposal, manufacture or transport of Hazardous Substances, presently in effect or hereafter amended, modified, or adopted, including if, as and to the extent applicable, the *Comprehensive Environmental Response, Compensation and Liability Act* ("CERCLA") (42 U.S.C. sect. 9601-9675); the *Resource Conservation and Recovery Act of 1976* ("RCRA") (42 U.S.C. sect. 6901, et seq.); the *Clean Water Act* (33 U.S.C. sect. 1251, et seq.); the *New Jersey Spill Compensation and Control Act* (the "Spill Act") (N.J.S.A. 58:10-23.11, et seq.); the *Industrial Site Recovery Act*, as amended ("ISRA") (N.J.S.A. 13:1K-6, et seq.); the *New Jersey Underground Storage of Hazardous Substances Act* (N.J.S.A. 58:10A-21, et seq.); the *New Jersey Water Pollution Control Act* (N.J.S.A. 58:10A-1 et seq.); the *New Jersey Environmental Rights Act* (N.J.S.A. 2A:35A-1, et seq.); and the rules and regulations promulgated thereunder.

"Environmental Permits" means all permits, authorizations, approvals, registrations, certificates, licenses or consents required by Environmental Laws in connection with the UCIA's ownership of the Hospital Assets and the County's operation of the Hospital.

"Event of Default" means any event which is specified as such under the terms of Article VI hereof.

"Excluded Assets" means any asset that is listed on Schedule ___ hereto, which shall not be subject to transfer, assignment or sale to the Purchaser in accordance with this Agreement.

"Governmental Body" means, as appropriate, any one or several of: the United States of America, the State, the County, or any court of competent jurisdiction, agency, regulatory body or political subdivision of the United States of America, the State, the County or the UCIA that may have jurisdiction over or power and authority to regulate the Purchaser, the Hospital, the Hospital Assets, the County and/or the UCIA (to the extent related to the Hospital and/or the Hospital Assets).

"Hazardous Substance or Hazardous Materials" means any substance, chemical or waste that is listed as hazardous, toxic, a pollutant or contaminant, or dangerous under any Applicable Law, including, but not limited to, Environmental Laws.

"Hospital" means Runnells Specialized Hospital, located in Berkeley Heights, New Jersey, which is owned and operated by Union County.

"Hospital Assets" means, collectively, the Hospital Business Assets, the Hospital Licenses and the Hospital Real Property, which shall collectively include all assets of the Hospital other than Excluded Assets.

"Hospital Business Assets" means all assets of the Hospital (other than the Hospital Real Property, the Hospital Licensed Capacity, and Excluded Assets), including without limitation, (a) all equipment, machinery, fixtures, furniture, supplies, vehicles, computers and software belonging to the Hospital; (b) medical records, business records, and records of any other nature related to the Hospital Assets or the conduct or operation of the Hospital (to the extent that transfer of such records is permitted under the provisions of applicable law); (c) assignment of residents' trust accounts; (d) assignable rights under leases, contracts, accounts and franchises that Purchaser agrees to assume in writing; (e) the name Runnells Specialized Hospital and any and all other trade names, logos, trademarks and service marks (or variations thereof) associated with the Hospital Assets; (f) all menus, policies and procedures manuals and computer software subject to any license restrictions; (g) all telephone numbers, telefax numbers and domain names used by the Hospital; (h) goodwill; and (i) such other tangible property as shall be agreed to by the UCIA and the Purchaser and as more fully set forth in Schedule ____ hereto.

"Hospital Licenses" means all the licenses pursuant to which the County is properly licensed to operate and operates a 300 bed long-term health care unit at the Hospital, and pursuant to which the County is properly licensed to operate and operates a 44 bed adult psychiatric unit at the Hospital, together with all other rights and obligations the Purchaser may have, including, but not limited to, rights under any certificates of need issued by the DOH and/or DHS to the Purchaser with respect to the Hospital.

"Hospital Licensed Capacity" means the 300 licensed beds in the LTCU and the 44 licensed bed in the APCU combined, as evidenced by the Certificates of Need.

"Hospital Real Property" means the real property located at Block(s) ____ Lot(s) ____ on the Tax Maps of the Township of Berkeley Heights, New Jersey, also known as 40 Watchung Way, Berkeley Heights, New Jersey, and all buildings and appurtenances thereon, including, but not limited to that certain solar panel installation located at and over a portion of the parking area for the Hospital, and that certain pump station (the "Pump Station") located on Block ____ Lot ____ on the Tax Maps of the Township of Berkeley Heights, New Jersey as illustrated on the site map attached hereto as Schedule __, and including, but not limited to, the description more fully set forth in Section 2.3 below

"Long Term Care Unit" or "LTCU" means the long-term care unit located at the Hospital.

"LTCU Licensed Capacity" means the 300 licensed beds in the LTCU, as evidenced by the Certificate of Need.

"Material" or "Material Adverse Effect" means any result, occurrence, fact, change, event or effect which, either singly, or in the aggregate, (a) has, or could reasonably be expected to have, a net negative monetary impact in excess of Twenty Five Thousand and 00/100 Dollars (\$25,000.00) upon the Hospital, Hospital Business Assets, Hospital Real Property, liabilities, capitalization, financial condition, or results of operations or upon the Transactions, or (b) results, or could reasonably be expected to result, in (i) a suspension or ban on admissions or payments to the Hospital or (ii) the limitation, suspension, loss or revocation of (a) any permit required by a Governmental Body to operate the Hospital as currently operated, or (b) the participation of the Hospital in the Medicare and/or Medicaid program.

"Permitted Assigns" means any entity managed by Charles Gros directly or through one or more other entities.

"Permitted Encumbrances" means any of the following encumbrances to the extent that such encumbrances do not materially impair the ability of the Purchaser to utilize the Hospital Real Property in the manner contemplated by the terms of this Agreement:

(a) minor defects and irregularities in the title to the Hospital Real Property that do not materially impair use of the Hospital Real Property in the manner contemplated by the terms of this Agreement or render title to the Hospital Real Property unmarketable or uninsurable at ordinary rates;

(b) easements, exceptions, restrictions or reservations, and rights-of-way for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, highways, railroad purposes, drainage and sewerage purposes, or canals, laterals, ditches, and other like purposes, or for the joint and common use of the Hospital Real Property that do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held; provided, however, that the ALTA Policy issued at Closing affirmatively insures against Purchaser's loss or damage arising out of or relating to such items or by reason of any encroachment, overlap, boundary dispute or private easement, and further insures that none of such items interfere with the use of the Hospital Real Property as a long-term care Hospital and ancillary facilities;

(c) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Hospital Real Property which do not materially impair the use of such property in the manner contemplated by the terms of this Agreement, which are of record or specifically set forth herein in Exhibit ____;

(d) any obligations or duties affecting any portion of the Hospital Real Property of any municipality or governmental or other public authority with respect to any right, power, franchise, , grant, license or permit, which are of record or specifically set forth herein in Exhibit" ____;

(e) present or future zoning laws and ordinances, provided same does not limit the use of the Hospital Real Property as a Hospital, Long Term Care Hospital, or Psychiatric Hospital and the use of any of the current structures or improvements on the Hospital Real Property or the uses of

the Hospital Real Property for such purposes.

"Person" means any individual, sole proprietorship, corporation, partnership, joint venture, limited liability company, trust, unincorporated association, urban renewal entity, institution, or any other entity.

"Purchase Price" means Twenty Six Million and 00/100 dollars (\$26,000,000) which sum the Purchaser shall pay to the UCIA for the Hospital Assets, subject to any Closing Adjustments or other adjustments as defined fully herein. The Purchase Price shall be pro rated to the Hospital Real Property, the Hospital Business Assets and other things as set forth in Schedule __ to this Agreement.

"Purchaser" means Center Management Group, LLC, a duly-organized limited liability corporation of the State of New York whose address is 141-40 Union Turnpike, Flushing, New York 11367 or its successors or Permitted Assigns.

"RFQ/RFP" refers to the Request for Qualifications/Request for Proposals dated September 25, 2013, including any amendments or supplements thereto.

"State" means the State of New Jersey.

"Transaction" means the purchase and sale of the Hospital Real Property and the Hospital Business Assets by and between the UCIA and the Purchaser, as set forth herein.

"Transition Plan" means the activities relating to the transfer of the operation of the Hospital to the Purchaser through (a) the sale of the Hospital Business Assets, (b) the sale of the Hospital Real Property, and (c) the transfer of the Hospital Licensed Capacity to Purchaser by the County.

"UCIA" or "Authority" means the Union County Improvement Authority, a public body corporate and politic of the State of New Jersey organized and existing under the County Improvement Authorities Law, N.J.S.A. § 40:37A-1 *et seq.*

Section 1.2 Interpretation. The terms "herein," "hereunder," "hereby," "hereto," "hereof," and similar terms, refer to this Agreement; the term "heretofore" means before the Contract Date; and the term "hereafter" means after the Contract Date. Unless otherwise noted, the words "include," "includes," and "including," as used in this Agreement, shall be deemed to be followed by the phrase "without limitation." The words "agree," "agreements," "approval," and "consent," as used in this Agreement shall be deemed to be followed by the phrase "which shall not be unreasonably withheld or unduly delayed," except as may otherwise be specified.

Words importing the masculine gender include the feminine gender or the neuter and vice versa, as the case may be. Words importing the singular number include the plural number and vice versa.

Section 1.3 DOH and DHS Jurisdiction and Jurisdiction of Other Governmental Bodies. The Parties understand and acknowledge that consummation of the Transition Plan requires the DOH to approve the transfer of the LTCU License and the DHS to approve the transfer of the APCU License

from the County to the Purchaser. The Purchaser shall be responsible for submitting the required applications (the "Applications") to DOH and DHS for the transfer of the Hospital Licenses. After the expiration of the Due Diligence period, the Purchaser shall use all reasonable efforts and due diligence in the procurement of such approval and the UCIA shall reasonably cooperate in such effort, to the extent its efforts are required. In the event that the DOH and/or the DHS does not approve the Purchaser's applications for transfer of the Hospital Licenses (for reasons that are unrelated to the experience of the Purchaser) on or before September 1, 2014 (the "Approval Date"), the Purchaser shall have a period of thirty (30) days within which to provide the DOH and/or DHS, as the case may be such assurances as may be necessary to obtain approval of the transfer. In the event Purchaser is unable to obtain approval from DOH and/or DHS of the transfer of the Hospital Licenses by October 1, 2014 ("Extended Approval Date"), either Party may terminate this Agreement. Notice of such termination shall be provided no less than 30 days prior to the termination date; provided, however that in the event the transfer of the Hospital License(s) occurs within this 30-day period, this Agreement shall continue in full force and effect and no termination for this reason shall occur. Notwithstanding anything herein to the contrary, the Parties may agree to further extend the Extended Approval Date, and, in such event, Purchaser shall continue to pursue the DOH and DHS approvals of the transfer of the Licenses and the UCIA shall continue to cooperate in Purchaser's efforts in accordance with this section 1.3.

In the event that the DOH and/or the DHS does not approve the transfer of the relevant License(s) to the Purchaser for reasons that are related to the experience of the Purchaser, the Purchaser shall take such actions as are required to provide such security as may be requested by DOH or DHS or under Applicable Laws to cure such impediment to obtaining approval. Should Purchaser be unable to provide the necessary assurances, this Agreement may be terminated by either Party, and the Purchaser shall pay the sum of One Hundred Thousand and 00/100 Dollars (\$100,000) to the UCIA in full and final reimbursement of the UCIA's costs incurred in connection with its legal, financial, expert and consultant, and other fees incurred in connection with the RFQ/RFP, including, but not limited to, the negotiation of the purchase and sale agreements by and among the Purchaser, the County and the UCIA.

The Purchaser and the UCIA shall cooperate in providing information that is reasonably required in connection with the review and/or approval by the DOH and the DHS of the Purchaser's applications for transfer of the Hospital Licenses. Any information that has been filed with the DOH and the DHS (except any information that has been identified in such filing as proprietary or confidential and has been accorded protected or confidential status by such regulatory agency) or otherwise has been made available to the public shall not, under any circumstances, constitute confidential or proprietary information.

In the event that the DOH or the DHS requires any amendment(s) to this Agreement in connection with the Purchaser's applications, either Party hereto may notify the other Party within ten (10) days of receipt of notification setting forth such required amendment(s) of such Party's intention to terminate this Agreement. Either Party may provide such notice of termination only in the event that the amendment(s) to this Agreement, as required by the DOH or the DHS, or both, as the case may be, is so substantial that it/they reduces or limits the licensed

bed capacity or certified bed capacity for Medicaid purposes of the Hospital or places any restrictions, modifications or limitations on the Hospital License, or mandates physical plant changes or alterations exceeding Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00).

Notwithstanding anything contained herein to the contrary, any decision to appeal (or refrain from appealing) any decision by the DOH or the DHS (including administrative and judicial) denying, disapproving or modifying Purchaser's application for transfer of the Hospital License may be made by either Party to this Agreement.

Section 1.4 Rights and Obligations of the Parties. The rights and obligations of the Parties shall be only as expressly stated herein and shall not be expanded, modified, extended or in any way changed by any subsequent change in circumstances or federal or state law, Purchaser or local statutory or common law, except as expressly provided for herein.

Section 1.5 Related Agreements. The rights and obligations of the Parties under this Agreement are subject to, and wholly dependent upon the execution and consummation of separate agreements governing (a) the transfer and conveyance of the Hospital Real Property and the Hospital Business Assets from the County to the UCIA (the "County/UCIA Agreement"), and (b) the transfer of the Hospital Licenses from the County to Center Management (the "County License and Operations Agreement"). In the event either of these separate Agreements shall fail or be terminated, this Agreement shall become void and of no further effect.

Section 1.6 Expiration, Termination. This Agreement shall expire and terminate if the Closing has not occurred on or prior to the Closing Date; provided, however, that the provisions of Article ___ of this Agreement shall remain in effect and any rights or remedies that the Parties may have against any other Party or Parties hereto as a result of breach or default by such other Party or Parties shall not be limited or impaired; and provided, further, that the Closing Date may be extended by mutual consent of the Parties or their attorneys.

ARTICLE II

CONVEYANCE OF THE HOSPITAL ASSETS

Section 2.1 General. In order to effectuate the Transition Plan, on the terms and conditions set forth below, (i) in accordance with the provisions of N.J.S.A. 40:37A-1 *et seq.*, UCIA shall, on the Closing Date, convey the Hospital Real Property and the Hospital Business Assets to the Purchaser; and (ii) the County shall, on the Closing Date, assign and transfer to the Purchaser the Hospital Licenses and any and all rights the County may have with respect to licensed and/or approved beds at the Hospital.

Section 2.2 Conditions Precedent to Closing. The obligations of the Parties to consummate the transactions contemplated in this Agreement are conditioned and contingent upon the fulfillment of the following conditions precedent, except to the extent that any such condition may be waived as provided below:

- (a) Purchaser Approval of this Agreement by Purchaser's Board or Members,

which shall have been irrevocably provided prior to the execution of this Agreement in the form of a copy of the resolution of Purchaser's governing body, certified by the Purchaser's Managing Member.

(b) Approval of this Agreement by Board of Commissioners of the UCIA, which shall have been irrevocably provided prior to the execution of this Agreement, in the form of a copy of the resolution of the Board of Commissioners of the UCIA approving this Agreement, certified by the Clerk of the Board.

(c) The prior transfer and conveyance of the Hospital Real Property and the Hospital Business Assets from the County to the UCIA.

(d) The DOH and the DHS shall approve the transfer of the Hospital Licenses by the County to the Purchaser. Such approval determination shall be evidenced by letter or order issued by the DOH and the DHS.

(e) Every Governmental Body with authority over the Hospital Assets, shall have evidenced approval of the transfer and the proposed use by the Purchaser, to the extent such approvals are conditions precedent to such proposed use or conveyance of the Hospital Assets. Should any such Governmental Body require repairs, improvements or other requirements in order to obtain such approvals, the Purchaser and the UCIA shall perform and complete said repairs, improvements, and/or fulfill said requirements solely at the expense of the UCIA; provided however, that the cost of said repairs, improvements; and/or fulfillment of such requirements shall not exceed Two Hundred and Fifty Thousand Dollars (\$250,000.00), as determined by an engineer agreed to by the parties. If such costs exceed \$250,000.00, then (i) the Purchaser and/or the UCIA may terminate this Agreement, or (ii) the Purchaser can, at its option, agree to pay any costs in excess of \$250,000.00, subject to such deficiency with a credit, and complete same post closing. However, in the event that repairs are necessary, the Closing shall be adjourned until such time as all repairs are completed to the satisfaction of the Purchaser. Notwithstanding anything to the contrary herein, any such repairs, improvements or other requirements necessary to obtain such approvals which are identified to the UCIA prior to the Closing shall be completed by the UCIA prior to Closing. The Closing shall be adjourned until such time as all repairs are completed to the satisfaction of the Purchaser, or in the alternative, Purchaser may opt to repair same post closing and the cost of such work not completed shall be credited to Purchaser at closing, and the UCIA shall indemnify Purchaser regarding the cost and liability associated with such pre contract notices. This clause shall survive Closing.

(f) There is no outstanding judgment or order of any court or Governmental Body, restraining or prohibiting implementation of this Agreement, continued operation of the Hospital, or transfer of the Hospital Assets.

(g) The business, operations and financial conditions of the Hospital shall not have been Materially Adversely Affected in any way.

Notwithstanding anything to the contrary herein, although the items listed in this section are conditions precedent for Purchaser being required to Close, everything listed above and the UCIA's other delivery requirements, except (d) above, and as may be specifically modified herein, shall be a requirement of the UCIA to produce at closing, and failure to do so shall be a UCIA

breach of this Agreement.

Section 2.3 Description of Hospital Real Property. The Hospital Real Property being conveyed by the UCIA to the Purchaser is designated Block(s) _____ Lot(s) _____, on the Tax Maps of the Township of Berkeley Heights, New Jersey.

In conveying the Hospital Real Property, the UCIA shall also sell, transfer, assign, convey and deliver to Purchaser, free and clear of all liens, encumbrances, liabilities, claims and rights of third parties whatsoever (except for the Permitted Encumbrances as hereinafter defined), and Purchaser will purchase from the UCIA, all of the UCIA's right, title and interest in and to (a) the certain plot, piece and parcel of land known 40 Watchung Way, Berkeley Heights, New Jersey, together with [(need address for Pump Station)], as more specifically described in Schedule _____ annexed hereto (the "Land"), (b) the buildings, parking areas, fixtures and other improvements (the "Improvements") now and hereafter situated on the Land, (c) all easements, hereditaments, and appurtenances belonging to, or inuring to the benefit of, the UCIA and pertaining to the Land, if any, (d) all right, title and interest, if any, of the UCIA in and to any land lying in the bed of any streets or roads, opened or proposed, in front of or adjoining the Land, to the center lines thereof, any street, alley, roadway, strips or gores on land adjoining the Land, and any unpaid award made or to be made in lieu thereof or for any change of grade of any such street or road and land dissecting the and related to the Hospital Real Property, (e) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality relating to the foregoing, (f) all of the UCIA's right, title and interest, furniture, fixtures and equipment located and used in connection with the property, and (g) any plans and approval to construct any additional facility, or replacement beds on the Land ((a) - (g) constitutes the "Property").

Section 2.4 Purchase Price for Hospital Real Property and Hospital Business Assets.

(a) With respect to the conveyance of the Hospital Real Property and the Hospital Business Assets by the UCIA to the Purchaser, the Purchaser shall pay the Purchase Price to the UCIA. Except as specifically provided in this subsection (a), payment in full of the Purchase Price by the Purchaser, subject to closing adjustment, shall be made on the Closing Date by bank check, attorney trust check, or wire transfer.

(b) As of the Closing Date, expenses of a recurring nature that are incurred in connection with the Hospital in the ordinary course of business, including those set forth below, shall be prorated in accordance with generally accepted accounting principles, so that all such expenses for periods on or prior to the Closing Date shall be for the account of the UCIA, and all such expenses for periods after the Closing Date shall be for the account of the Purchaser, and any such adjustments (the "Closing Adjustments") shall be added or deducted from the Purchase Price, as the case may be:

- (i) current municipal water and sewer charges, if any, for the Hospital Real Property shall be apportioned between the Purchaser (on the one hand) and the UCIA (on the other hand) as of the Closing Date;

- (ii) the full amount of all unpaid assessments for municipal improvements, if any, including without limitation, any assessments that are payable in installments of which the first installment is due or payable on or prior to the Closing Date, shall be deducted from the Purchase Price. The amounts of all unpaid assessments for municipal improvements, if any, including without limitation, any assessments that are payable in installments due or payable after the Closing Date shall be apportioned as of the Closing Date;
- (iii) all amounts prepaid or payable under the leases, contracts, accounts and franchises being transferred hereunder shall be apportioned as of the Closing Date;
- (iv) other standard and customary adjustments as would occur in the sale of a similar asset, including but not limited to, applying the Deposit as a credit against payment of the Purchase Price.

Section 2.5 Representations of the UCIA as to Hospital Real Property. With respect to the Hospital Real Property, the UCIA represents and warrants to the Purchaser, as follows:

(a) The UCIA represents that it has or will have on the Closing Date, good, valid and marketable title to the Hospital Real Property, free and clear of all liens, mortgages, deeds of trust, judgments, pledges, title defects, encumbrances, leases, security interests (UCC or otherwise, including without limitation, security agreements, chattel mortgages, conditional sale contracts, collateral security agreements, leases and other title or interest retention arrangements), actions, claims, charges, conditions or restrictions of any nature whatsoever, except the Permitted Encumbrances. Marketable title, for purposes of this subsection 2.5(a) shall be such title as will be insured at regular rates by the title insurer on the ALTA Policy, without exception, except for Permitted Encumbrances. Neither the whole nor any portion of the Hospital Real Property has been condemned or otherwise taken by any public authority during the UCIA's ownership of the Hospital Real Property, and to the best of the UCIA's knowledge no such condemnation or taking is threatened or contemplated. There are no agreements, written or oral, affecting the occupancy of the Hospital Real Property, and no person, firm or corporation has any right, title or interest to possession of the Hospital Real Property (or any portion thereof) or to possession of the Hospital Real Property as a tenant of the UCIA.

(b) The UCIA represents that it has no knowledge of any outstanding notices or orders from any Governmental Body with respect to the condition of the Hospital Real Property or with respect to any claim of violation of laws, ordinances, statutes, codes, regulations and orders applicable thereto. Any notices or order issued by any Governmental Body with respect to the Hospital Real Property subsequent to the Contract Date and prior to the Closing Date shall be cured at the UCIA's cost as soon as reasonably possible by the use of diligence after receipt of such notice. If any such notices are issued and not cured, then such notices of violation shall be deemed to be an objection to title and the Purchaser shall have the rights set forth in Section ____ hereof with respect thereto.

(c) The County represents that it has no knowledge of any outstanding notices or orders from any Governmental Body with respect to the condition of the Hospital Real Property or with respect to any claim of violation of laws, ordinances, statutes, codes, regulations and orders

applicable thereto. Any notices or orders issued by any Governmental Body with respect to the Hospital Real Property subsequent to execution of this Agreement and prior to the Closing Date shall be cured at the County's cost as soon as reasonably possible by the use of diligence after receipt of such notice or order. If any such notices or orders are issued and not cured, then such notices or orders shall be deemed to be an objection to title and the UCIA shall have the rights set forth in Section ____ hereof with respect thereto. Notwithstanding anything to the contrary herein, if the County's reasonable cost to cure the violation(s) cited in such notice or order shall exceed Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), the County shall be entitled to terminate this Agreement, and the UCIA shall have such remedies as described in Section 7.3 of this Agreement.

Section 2.6 Closing. The Closing shall take place on the Closing Date at 11:00 o'clock a.m. prevailing time at the offices of DeCotiis, FitzPatrick & Cole, LLP, in Teaneck, New Jersey, or at such other location as shall be mutually agreed upon by the Parties.

Section 2.7 Documents Deliverable by the UCIA with Respect to the Hospital Real Property. In addition to the closing documents that are required to be delivered in connection with conveyance of the Hospital Assets, as set forth in Schedule ____ hereto, at the Closing, the UCIA shall deliver (or cause to be delivered) the following documents duly executed by or on behalf of the UCIA or its authorized representatives, with respect to conveyance of the Hospital Real Property to the Purchaser:

(a) Bargain and Sale Deed (the "Deed") with Covenants against Grantor's Acts in substantially the form set forth in Schedule ____ hereto. The Deed shall be in recordable form, contain a legal description that is reasonably satisfactory to the Purchaser and the Purchaser's title company, in accordance with the Survey set forth in Schedule ____ hereto, which shall be provided by the Purchaser at its cost, and as otherwise required by the title company and sufficient to convey title to the Hospital Real Property subject only to the matters affecting title as contemplated by the terms of this Agreement. The Deed shall contain a covenant running with the land (the "Covenant") which shall require Purchaser to continue to operate the Hospital and utilize the Hospital Real Property for no purposes other than a skilled nursing facility, a psychiatric facility and related healthcare facilities or purposes for a period of 99 years, unless such covenant is removed by operation of law or by agreement of the Parties. The County will consider any request for relief from the covenant, and the County's consent will not be unreasonably withheld; provided however, that Purchaser relocates the Hospital operations to another location in the County of Union. Notwithstanding anything herein to the contrary, in the event Purchaser breaches the Covenant without having been granted relief by the County, the UCIA and/or the County shall be entitled to a suit seeking specific performance of the Covenant and injunctive relief, or, in the alternative, pursue any other remedy that may be available to the County or the UCIA at law or in equity.

(b) Affidavit of Title in the customary form;

(c) Closing Statement

(d) Resolution of the governing body of the UCIA, authorizing the execution of this Agreement and the closing documents, which resolutions shall be certified to be true copies by the Secretary of the UCIA;

(e) Any keys, existing plans, specifications, architectural and engineering drawings, utilities layout plans, manuals, service and maintenance logs, paid invoices and similar documents relating to the Hospital Real Property, and other documentation used in the construction, alteration or repair of the Hospital, to the extent within the UCIA's or the County's possession;

(f) Such certifications, affidavits, and other documents as are contemplated by this Agreement or as may be reasonably required by the Purchaser or by the title company in order for the title company to issue, at regular rates, the ALTA Policy relating to the Hospital Real Property insuring that the Purchaser's title to the Hospital Real Property is marketable in accordance with the terms of this Agreement;

(g) a valid Certificate of Occupancy or Use for the Hospital and all buildings and proper permits for the use of all machinery and equipment.

Section 2.8 Documents Deliverable by UCIA with Respect to the Hospital Business Assets. In addition to the closing documents that are required to be delivered in connection with conveyance of the Hospital Assets, as set forth in Schedule ____ hereto, at the Closing, the UCIA shall deliver (or cause to be delivered) the following documents duly executed by or on behalf of the UCIA by its respective authorized representatives, with respect to conveyance of the Hospital Business Assets to the Purchaser:

(a) A general bill of sale and conveyance conveying to Purchaser, or Purchaser's assignees, good and marketable title to the Hospital Business Assets, free and clear of all Liens, except for the Permitted Liens (as hereinafter defined), substantially in the form attached hereto as Schedule ____ (the "Bill of Sale"), and upon written request, the UCIA shall provide at Closing separate Bills of Sale for different assets of the Hospital Business Assets, as may be requested by Purchaser;

(b) Certificates of the UCIA duly authorizing and approving: (i) the Transaction; and (ii) the execution, performance and delivery of this Agreement, the UCIA's Closing Documents and all of the other documents to be executed and performed by the UCIA, in connection with the Transaction (collectively, "UCIA's Transaction Documents");

(c) Certificates executed by the UCIA dated as of the Closing Date, certifying that: (i) each covenant and agreement to be performed prior to and on the Closing Date by the UCIA pursuant to this Agreement has been performed in all material respects; and (ii) as of the Closing Date, each of the representations and warranties contained in this Agreement made by or behalf of the UCIA is true and correct;

(d) Such other instruments and documents as the UCIA's counsel and Purchaser's counsel reasonably deem necessary or desirable in order to effect the transaction.

Section 2.9 Documents Deliverable by Purchaser. The following deliveries shall be made by the Purchaser at or before the Closing:

- (a) The Purchase Price subject to Closing Adjustments;
- (b) The DOH and DHS approvals of the transfer of the Hospital Licenses from the County to the Purchaser;
- (c) Certified copies of any resolutions required to duly authorize and approve: (i) the Transaction; (ii) the execution, performance and delivery of this Agreement, Purchaser's Closing Documents and of all of the other documents to be executed and performed by Purchaser in connection with the Transaction (collectively, "Purchaser's Transaction Documents");
- (d) A certificate of a Managing Member of Purchaser, certifying that: (i) each covenant and agreement of Purchaser to be performed prior to or on the Closing Date pursuant to this Agreement has been performed in all material respects; and (ii) as of the Closing Date, each of the representations and warranties contained in this Agreement made by or on behalf of Purchaser is true and correct;
- (e) A certificate of existence and good standing of Purchaser, issued by the Secretary of State of the State of New York, dated no earlier than thirty (30) calendar days prior to the Closing Date;
- (f) The Closing Statement, executed by Purchaser;
- (g) Certificate of Occupancy, Certificate of Use or similar authorization to maintain the use of the Hospital from the appropriate Governmental Body as required by law for its current and intended use; and
- (h) Such other certificates, instruments and documents as the UCIA's counsel and the Purchaser's counsel reasonably deem necessary or desirable to effect the Transaction.

Section 2.10 Realty Transfer Fee, Mansion Tax, Recording Documents. The UCIA shall pay the realty transfer fee and Mansion Tax, if any, due upon the conveyance of the Hospital Real Property. The Purchaser shall record (or cause to be recorded) all documents of conveyance with the Union County Clerk and the Purchaser shall pay any recording fees.

Section 2.11 Brokerage. The UCIA and the Purchaser represent to each other that there has been no broker involved in connection with any aspect of this sale. Each Party agrees to indemnify and defend the other from and against any loss, damage or expenses (including litigation costs and reasonable attorneys' fees) by reason of any claim for compensation or commission by any broker based upon an allegation of relations or negotiations between the claimant and the indemnifying party inconsistent with the representations herein made. This representation, warranty and covenant shall survive the closing or termination of this Agreement.

Section 2.12 Clear Title to Hospital Real Property.

(a) UCIA to Convey Marketable Title. The UCIA shall convey to the Purchaser marketable title of record to the Hospital Real Property, such as will be insurable pursuant to the ALTA Policy, at regular rates by a title company authorized to do business in the State of New Jersey. The cost for obtaining such title insurance shall be paid by the Purchaser. In addition, the UCIA shall convey the Hospital Real Property free of all liens, such as for judgments or transfer, inheritance, estate, franchise, license or other similar taxes, any mortgage or other encumbrance, leases, security interests, actions, claims, charges, conditions, restrictions or other title questions or objections whatsoever, subject only to the existence of Permitted Encumbrances and such items as a careful inspection of the Hospital Real Property and an accurate survey would reveal, provided none of the same would render title unmarketable or would limit the use of the Hospital Real Property for the purposes intended by this Agreement. In the event that the UCIA is unable to convey to the Purchaser marketable title as required in this subsection, the Purchaser shall have the remedies provided for in Article VII of this Agreement.

(b) Purchaser to Obtain Commitment (Title Abstract). The Purchaser shall, at its sole cost and expense, cause title to the Hospital Real Property to be examined by a title company, chosen by Purchaser, authorized to do business in the State of New Jersey. The Purchaser shall deliver (or cause to be delivered) a copy of the title report (i.e. title abstract) to the UCIA. The Purchaser shall send written notice of any title questions disclosed by the title report or the survey provided to the Purchaser by the UCIA or otherwise known to the Purchaser which the Purchaser believes are not covered by the exceptions to title set forth in paragraph (a) above and which the Purchaser believes it is not required to take title "subject to". Notwithstanding anything to the contrary herein, receipt of the title report stating such exception shall constitute notice of exceptions.

(c) Liens and Encumbrances. At the time of closing, the Hospital Real Property shall not be subject to any liens, such as for judgments or transfer, inheritance, estate, franchise, license or other similar taxes, any leases, security interests, actions, claims, charges, conditions, restrictions, any mortgage or other encumbrances, or other title questions or objections whatsoever that would be grounds for the Purchaser to reject title hereunder, except for Permitted Encumbrances. However, at the Purchaser's sole option, if any of the same shall exist, such liens shall not be deemed a title question if, at the time of closing, either (i) the UCIA delivers to (or for the benefit of) the Purchaser at the closing, instruments in recordable form sufficient to satisfy a discharge of record of such liens and encumbrances or (ii) the title company will issue or bind itself to issue a policy which will insure the Purchaser against collection thereof from or enforcement thereof against the Hospital Real Property, such policy to be at regular rates or with any excess premium thereof to be paid by the UCIA. The foregoing notwithstanding, the Purchaser shall, in any event, and in its sole discretion, have the option to waive this condition and proceed to Closing.

Section 2.13 UCIA to Remain Liable. Subject to the provisions of Article III of this Agreement, the Parties agree that the UCIA shall remain responsible for all obligations, liabilities, debts, claims and audits, known or unknown, arising from, or attributable to the operation of the Hospital and the Hospital Assets for all periods up to and including the Closing Date, and shall indemnify and hold Purchaser harmless for the same. This provision shall survive Closing. The Purchaser expressly does not assume or agree to discharge or perform any debts, liabilities or obligations of the County, the UCIA or any predecessors or affiliates thereof, including, but not

limited to, those relating to the Hospital and the Hospital Assets.

Section 2.14 UCIA's Representations Concerning the Hospital Business Assets.

(a) Assets to be Transferred to Purchaser. Subject to other provisions of this Agreement, UCIA shall transfer, assign and sell all of its right, title and interest in, to or under the Hospital Business Assets to Purchaser at the Closing, and Purchaser will accept such transfer. UCIA shall convey the Hospital Business Assets to Purchaser free and clear of all liens, claims, assessments, security interests, mortgages, collateral assignments, leases, attachments, levies and other defects in title and encumbrances of any type whatsoever except as set forth in Schedule ____ hereto or otherwise set forth herein. If any of the Hospital Business Assets are leased, the Purchaser shall directly convey its possessory interest therein to the extent that any such lease(s) is (are) assignable and the lease is not an Excluded Asset. The Parties shall comply with any provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Privacy, Security, Transaction and Code Set Standards that are applicable to the transfer of the Hospital Business Assets.

(b) The UCIA shall retain only the Excluded Assets, which shall not be subject to transfer, assignment to the Purchaser in accordance with this Agreement. All other assets owned by the County for the operation of the Hospital, are included among the Hospital Business Assets.

(c) The UCIA hereby represents and warrants, to the Purchaser that the Hospital Business Assets are as of the date of this Agreement, and will be as of the Closing Date, (i) in good repair and condition, (ii) suitable and sufficient for the conduct of the present business of the Hospital, and (iii) free and clear of any claim, lease, mortgage, security interest, conditional sale agreement or other title retention agreement, restriction or lien or encumbrance.

(d) The UCIA and Purchaser shall cooperate in filing within ten (10) days of Closing any required notice to the New Jersey Bulk Sale Unit. Any escrows required by the Bulk Sale Unit shall be held from the Purchase Price in accordance with the requirements of the New Jersey Bulk Sale Unit.

(e) Assumed Liabilities. Purchaser will assume at Closing the ongoing obligations concerning the Hospital Assets solely with respect to periods beginning after the Closing Date (the "Assumed Liabilities").

(f) Retained Liabilities. The Purchaser shall not assume, and the County shall retain and will remain liable for, the following liabilities (collectively, the "County Retained Liabilities"): (i) all accounts payable relating to the County's ownership or operation prior to the Closing Date (the "County's Accounts Payable"), (ii) any other liabilities relating to the Hospital Assets that are not Assumed Liabilities, (iii) all amounts due third party payers, as a result of audit, rate change or otherwise, relating to services rendered prior to the Closing Date, (iv) all cash receipts assessments relating to all revenue received by the Purchaser before and after the Closing Date relating to services rendered by the Hospital before the Closing Date; and (v) prepaid fees, fees payable in installments and fees due prior to the Closing Date, covering assignable licenses and permits, including but not limited to dues and subscriptions.

(g) Closing Adjustments If the Closing Adjustments result in a net amount to be paid by the UCIA to Purchaser, such net amount shall be paid by the UCIA within 15 days of the

Closing Date. All of the Closing Adjustments shall be subject to adjustment sixty (60) days after the Closing Date to correct any errors, to be agreed upon by the parties. Notwithstanding anything to the contrary in this Agreement, if the parties cannot agree on the Closing Adjustments or any post-Closing Adjustment, their respective accountants shall choose a third accountant and the decision of at least two of the three accountants shall be final, but subject to the 60-day post Closing Date adjustment to correct any errors. Any additional sums due shall be paid within ten (10) days after such agreed upon adjustment or accountants' determination. This provision shall survive the Closing.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.1 Representations and Warranties of the UCIA. In order to induce Purchaser to enter into this Agreement and to close on the Transaction, the UCIA represents and warrants to Purchaser as follows:

(a) Organization and Ownership. The County is the sole operator of the Hospital, and has the requisite authority to own and operate the Hospital Assets and carry on the business of the Hospital as the same is now being conducted. The County holds all necessary licenses, permits, authorizations, contracts and approvals required by the federal government (including, without limitation, any agency or instrumentality thereof), the State of New Jersey, and any Governmental Body with jurisdiction over the Hospital for the conduct of the Hospital business as now being conducted by County in connection with the Hospital (collectively, the "Authorizations").

(b) Binding Agreement. This Agreement has been duly authorized, executed and delivered by the UCIA and is a valid and binding agreement of the UCIA enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights. Subject to the approval of the DOH and the DHS, the UCIA's execution, delivery and performance of this Agreement does not and will not conflict with, violate or constitute a breach of or default under the provisions of any indenture, agreement or other instrument to which the UCIA is a party or by which it may be bound or the provisions of any federal, state or local law, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or instrumentality having applicability to the UCIA or by which the UCIA may be bound. The transactions contemplated by this Agreement will not be in conflict with any of the UCIA's corporate governance documents including, but not limited to, its certificate of formation or operating agreement.

(c) Conflicts. The execution and delivery of this Agreement by the UCIA does not, and the performance of this Agreement by the UCIA and the consummation of the Transaction will not, with or without notice or the lapse of time or both, give to others any rights of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any lien, charge, encumbrance, security interest, mortgage, pledge, claim, option, lease, license, easement, liability or restriction of any kind whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise or adversely affect any of the Hospital Business Assets or the continued operation of the Hospital.

(d) Approvals. Except for the approval of the DOH and the DHS, and the approval of the UCIA Board of Commissioners, the execution and delivery of this Agreement by the UCIA does not, and the performance by the UCIA of this Agreement and the consummation of the Transaction shall not, require the UCIA to obtain any consent, waiver, approval, authorization or permit of, or to make any filing with or notification to any Person or Governmental Body, or any third party. To the UCIA's knowledge, except for the approval of the DOH and the DHS, and the approval of the UCIA Board of Commissioners, no action, authorization, consent, order or action, including action by any Governmental Body is necessary to make this Agreement and the other agreements and instruments contemplated herein, valid instruments binding upon the County in accordance with their terms.

(e) The execution of this Agreement, and the performance of all obligations set forth herein do not conflict with, and will not, nor with the passage of time or the giving of notice, constitute a breach of or event of default under any charter, ordinances or resolutions of the UCIA or any agreement, indenture, mortgage, trust, contract or instrument of Applicable Laws to which the UCIA is a party or by which the UCIA is bound. This Agreement has been duly executed and delivered and constitutes a legal, valid, and binding obligation of the UCIA, enforceable in accordance with its terms, except to the extent that the enforcement thereof is limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditor's rights generally and the application of general principles of equity.

(f) Except as disclosed in Schedule ____ hereto, there is no action, suit or proceeding, at law or in equity, pending before or by any court or governmental authority against the UCIA, wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the County of its obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by the UCIA in connection with the transactions contemplated hereby.

(g) There are no audits, active suits or proceedings that (i) challenge the use of the Hospital as a long-term healthcare facility; (ii) challenge or seek to change the Hospital Licensed Capacity; (iii) challenge or seek to change the conditions of operation of the Hospital set forth in the Certificates of Need; or (iv) challenge the Hospital's certification to participate in the Medicaid Program under Title XIX of the Social Security Act.

(h) The UCIA has complied in all material respects with all Applicable Laws and has secured all necessary permits and authorizations and licenses issued by any Governmental Body required to be obtained by the UCIA with respect to the Hospital, if any, the violation of which (or the failure to secure) could have a material adverse affect on the business, operations, properties or assets or on the condition, financial or otherwise, of the Hospital, a complete list of such permits, authorizations and licenses being set forth on Schedule ____ hereto.

(i) The UCIA is not a party to or obligated to contribute to any employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), guaranteed annual income plan, fund or arrangement, or any incentive, bonus, profit sharing, deferred compensation, or any employment or consulting agreement, or any non-competition agreement, or any severance or termination plans or policies, hospitalization, disability or other insurance plans, or any other employee fringe benefit plans, or any collective bargaining agreements, or any other agreement, plan or arrangement similar to or in the nature of the foregoing,

oral or written, in each case that relate to the Hospital ("Plans"), except those described on Schedule ___, true and correct copies of which were provided to Purchaser. Except as set forth on Schedule ___, the County has no unfunded liabilities on account of or in connection with any such Plans.

(j) Title. The UCIA shall have, and at the Closing, will convey to the Purchaser, good, valid and marketable title to the Hospital Business Assets, including personal property in the Hospital, free and clear of all liens except as set forth on Schedule ___ (the "Permitted Liens"). For property which is leased, the County will convey its possessory interest to the extent that such leases are assignable.

(l) Surveys. Annexed hereto as Schedule ___ are true copies of the most recent DOH and the most recent DHS survey reports, inspection reports and Plans of Correction, if any. Except as may be set forth in the attached report(s), to the UCIA's knowledge, there are no violations, orders or deficiencies issued or recommended by any regulatory agency, intermediary or authority or licensing organization, and there are no inspections, license reviews, investigations or proceedings of any sort pending by or before any such regulatory agency, intermediary or authority or licensing organization that relate to the Hospital.

(m) Notices. Except as disclosed in Schedule ___ the UCIA has not been served with any notice which: (a) requires the performance of any work or alterations on or at the Hospital, or in the streets bounding thereon; or (b) orders the installation, repair or alteration of any public improvements on or at the Hospital or the streets bounding thereon, in each case including, but not limited to, notices received under the Americans with Disabilities Act of 1990, as amended.

(n) Name. The Hospital is known as Runnels Specialized Hospital. The Hospital and its programs have not been operated under any other name. To the UCIA's knowledge there have been no challenges to its use of the name. The UCIA has not received written notice from any Person claiming that the UCIA (or the County) is infringing on or otherwise acting adversely to the rights of any Person under or with respect to the names used by County.

(o) Taxes. The UCIA is a tax-exempt entity; therefore, there are no federal, state or local taxes owed or tax returns required to have been filed.

(p) Immigration and Nationality Act. The UCIA is in material compliance with the terms and provisions of the Immigration and Nationality Act (the "Immigration Act") for each of County's employees for whom compliance with the Act is required. The UCIA has obtained and has retained a complete and true copy of each of its employees' Form I-9 (Employment Eligibility Verification Form) and all other records or documents prepared, procured or retained by the UCIA pursuant to the Immigration Act. The UCIA has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order, nor, to the best knowledge of the UCIA has any action or administrative proceeding been initiated or threatened against the UCIA by reason of any actual or alleged failure to comply with the Immigration Act.

(r) Compliance with Laws and Ordinances; Miscellaneous Matters. To the best of the UCIA's knowledge and belief, the Hospital is being operated in material compliance with Applicable Law; the Hospital and improvements on the Hospital Real Property (for purposes of this section, the "Property") do not violate the existing zoning classification of the Property or any Certificate of Occupancy; the Property abuts or has a right of access to a public road; as of the date of this Agreement, the furniture, fixtures and equipment included in the Hospital Business Assets

are of sufficient quantity and quality to operate the Hospital in accordance with applicable statutes, ordinances, rules and regulations; there are no tenants or occupants of the Hospital other than County and residents of the Hospital; the UCIA or the County has not received notice of any pending improvements or special assessments; the Hospital and the Property at all times have been used and operated in compliance with all applicable environmental permits and laws; neither the UCIA nor the County has received any notice of any condition at the Hospital or the Property which violates any environmental permit or law or requires any remediation or clean up action; and there is no asbestos contained on or forming part of any building, building component, structure or space located on or in the Hospital or the Property and no polychlorinated byphenyls are present, in use or stored at the Hospital or the Property except as listed in Schedule ____

(s) Insurance. The UCIA shall not decrease the scope or limit of coverage of any of the insurance policies in place on the Contract Date prior to the Closing. In the event the UCIA determines to modify the scope or limits of coverage with respect to any such policy, it shall provide the Purchaser notice of the proposed change(s) no less than five (5) days prior to the effective date of such modifications.

(t) Material Facts. No representation, warranty, statement or information furnished by the UCIA in connection with this Agreement, contains any knowingly untrue statement of material fact or omits to state any material fact necessary in order to make such statement not misleading.

(u) UCIA's Right to Cure. In the event that any of the foregoing representations and warranties is not true as of the date hereof or at the Closing Date, the Purchaser shall not be entitled to declare a default until UCIA has had a reasonable opportunity, not to exceed thirty (30) days, to cure any such defects by correcting an error or by a set-aside, as the case may be.

Section 3.2 Representations and Warranties of Purchaser. In order to induce UCIA to enter into this Agreement and to close on the Transaction, Purchaser hereby represents and warrants to the UCIA as follows:

(a) The Purchaser is a Limited Liability Company organized and existing under, and governed by, the laws of the State of New York, or in the case of a Permitted Assign, such State in which the Permitted Assign is organized; and it is duly qualified to transact business in each and every jurisdiction where such qualification is required to enable the Purchaser to perform its obligations under the terms of this Agreement. No Act of Bankruptcy has been commenced by or against the Purchaser. The execution of this Agreement, and the performance of all obligations under this Agreement, have been authorized by all required action of the Purchaser, all as required by the charter, by-laws and Applicable Laws that regulate the conduct of the Purchaser's affairs. The execution of this Agreement and the performance of all obligations set forth herein do not conflict with and do not constitute a breach of or event of default under any charter or by-laws of the Purchaser, or any agreement, indenture, mortgage, contract or instrument to which the Purchaser is a party or by which the Purchaser is bound so that, upon execution hereof and upon satisfaction of the conditions herein contained, this Agreement constitutes the valid, legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms, except to the extent that enforcement thereof is limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of the general principles of equity.

(b) The Purchaser will possess at Closing all licenses or approvals to receive such licenses as may be required under Applicable Laws to undertake and carry out its obligations under this Agreement.

(c) Except as disclosed and set forth in Schedule __ hereto, there is no action, suit or proceeding, at law or in equity, before or by any court or similar Governmental Body against the Purchaser wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the Purchaser of its obligations hereunder or the other transactions contemplated hereby, or that, in any way would materially adversely affect the validity or enforceability of this Agreement or any other agreement or instrument entered into by the Purchaser in connection with the Transaction .

(d) Binding Agreement. This Agreement has been duly authorized, executed and delivered by Purchaser and is a valid and binding agreement of Purchaser enforceable in accordance with its terms, except (a) as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights and (b) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses. Subject to DHS and DOH approvals, Purchaser's execution, delivery and performance of this Agreement does not and will not conflict with, violate or constitute a breach of or default under the provisions of any indenture, agreement or other instrument to which Purchaser is a party or by which it may be bound or the provisions of any federal, state or local law, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or instrumentality having applicability to Purchaser or by which Purchaser may be bound.

(e) Additional Consents. Other than set out elsewhere in this Agreement, to Purchaser's knowledge, no action, authorization, consent, order or action, whether corporate or otherwise, including action by any Governmental Body, is necessary to make this Agreement and the other agreements and instruments contemplated herein, valid instruments binding upon Purchaser in accordance with their terms.

(f) Deposit. The Purchaser, upon the execution of this Agreement, shall provide the Deposit to the UCIA in the form of an irrevocable letter of credit or other similar instrument, which shall represent Purchaser's good faith commitment. to proceed to Closing. In the event that following execution of this Agreement, Purchaser withdraws its offer for the Hospital or terminates this Agreement, except for the reasons set forth in this Agreement, Purchaser shall forfeit the Deposit, which is intended to reimburse the County and the UCIA, in part, for the cost of continuing to operate the Hospital beyond the Closing Date.

(g) Capital Improvements. The Purchaser, prior to Closing, shall enter into a separate agreement with the County in which the Purchaser shall set forth with specificity a five-year capital improvement program for the Hospital (the "Capital Improvements Period"), which Capital Improvements Period shall begin six (6) months after the Closing Date. In such agreement, the Purchaser shall set forth the sum it shall expend for each year of the Capital Improvements Period, and provide a description of the intended improvements for each year of the Capital Improvements Period.

(h) Sharing of Qualifying Profits. The Purchaser, at Closing, shall enter into a separate agreement with the County setting forth Purchaser's obligation to share five percent (5%) of annual net profits that satisfy the conditions described in this paragraph ("Sharing of Qualifying Profits"). Sharing of Qualifying Profits shall apply only with respect to net profits that are entirely derived from healthcare related services that satisfy each of the following conditions, in each case solely determined by Purchaser in its reasonable judgment:

(i) the healthcare services are provided in newly constructed space, or space not previously used for healthcare related purposes that are repurposed for healthcare related services;

(ii) the healthcare services are related to the addition of licensed beds to the Hospital, or to an expanded scope of service that is materially different than services currently provided by the Hospital, such as [the addition of -----]; and

(iii) the net profits are earned, on a cash basis, prior to the _____ anniversary of the Closing Date.

Such Sharing of Qualifying Profits shall not be due if the required assistance from the County in Section ____ is not forthcoming, or if such Sharing of Qualifying Profits plan is otherwise contrary to any Applicable Law

(i) Conveyance of the Hospital Licenses. The Purchaser, prior to Closing, shall enter into a separate agreement with the County regarding (i) the County's transfer of the Hospital Licenses to Purchaser; (ii) the County's obligations, if any, concerning its Medicare and Medicaid reporting obligations; (iii) the County employees; (iv) Hospital residents and residents' accounts; (v) County's collection of receivables post-Closing; (vi) the County's indemnification of Purchaser for pre-Closing actions; and any other issues the UCIA's counsel, the County's counsel, and the Purchaser's counsel reasonably deem necessary or desirable to include in such separate agreement.

(j) Regulatory Approvals. To Purchaser's knowledge, there is no reason that the Department of Health or any other governmental authority would reject or delay the processing and approval of Purchaser's Application referred to in Section 1.3 hereof. No requirement that may be imposed by the Department of Health as a condition of its approving the Applications or which may be imposed subsequent to the Closing will be deemed an obligation of the UCIA.

(k) Purchaser's Right to Cure. In the event that any of the foregoing representations and warranties is not true as of the date hereof or at the Closing Date, UCIA shall not be entitled to declare a default until Purchaser has had a reasonable opportunity, not to exceed thirty (30) days, to cure any such defects by correcting an error or by a set-aside, as the case may be.

ARTICLE IV
COVENANTS OF THE UCIA REGARDING HOSPITAL
OPERATIONS AND HOSPITAL BUSINESS ASSETS

Section 4.1 Representations and Covenants of the UCIA Concerning the Operation of the Hospital. The UCIA represents and warrants to Purchaser as follows:

(a) Litigation and Claims. Except for certain disciplinary actions pending against employees of the County and various workers compensation claims filed by employees of the County, and except for those actions, claims, suits, proceedings, and other matters (the "Litigation and Claims") set forth in Schedule __, neither the County nor the UCIA have been served with any summons, complaint or written notice to arbitrate, and is the UCIA aware of any suit, litigation, material claim (legal or equitable), administrative, arbitration or other proceeding pending against the County arising out of or relating to the operation of the Hospital or the ownership of the Hospital Assets.

(b) Employment Issues. To the best of UCIA's knowledge, there is no pending or threatened, federal, state or local, complaint, charge, proceeding or investigation involving discrimination, sexual or other harassment, immigration violation, unlawful discharge, wage and hour claims, workers compensation, unemployment compensation, or any other claim, proceeding, complaint, charge or the like arising out of or based on the employment relationship or termination of such relationship.

(c) Purchaser's Right to Observe Business. During the period commencing on the Contract Date, and prior to the Closing Date, the Purchaser and its agents and employees may, from time to time, during normal business hours and at reasonable intervals, and upon no less than 24-hours notice, enter the Hospital and observe, in the company of the County's representatives, and in such manner as to create no interference or interruption of the ordinary course of care provided to residents, the business conducted therein in order that the Purchaser may become familiar with the Hospital and its business; and the County agrees to permit the Purchaser, its agents and employees, the right to observe the operation of the Hospital's business at such time. The foregoing shall, at all times, be subject to all patient rights of privacy, confidentiality, and privilege. Nothing herein shall limit pre-Closing access to patients' files and records by the Purchaser, its agents and representatives to facilitate a safe and efficient Transition Plan; provided, however, that to the extent required by law, Purchaser, its agents and representatives, shall execute an agreement pursuant to which Purchaser, its agents and representatives shall agree to keep and maintain such patients' files and records as confidential.

(d) Inventory. The UCIA shall permit the Purchaser to inventory the Hospital Business Assets during the Due Diligence period. Following the Due Diligence period, the Purchaser shall provide the UCIA with a detailed list of the personalty, goods, supplies, equipment, and the like (the "Inventory Items") to which the Purchaser will take title at Closing. In the event any of the Inventory Items are destroyed, missing or otherwise not transferred at Closing, the Closing Adjustments will include credit to the Purchaser for the value of such Inventory Items.

(e) Operation of Hospital Prior to Closing. During the period commencing on the Contract Date and prior to the Closing Date, the County shall continue to operate the Hospital in a manner consistent with its historical operation, and no Material Adverse Effect shall have occurred with respect to the business operations of the Hospital or the Hospital Assets, shall have occurred,

except for changes in the ordinary course of business, none of which, individually or in the aggregate, has been or will be material.

(f) Cooperation in Purchaser's Zoning Applications. The UCIA agrees that, for a period of five (5) years following the Closing Date, if requested by the Purchaser, it will cooperate (at no expense to the Purchaser) with the Purchaser in connection with any application that Purchaser may submit to the Planning Board or Zoning Board of Adjustment of the Township of Berkeley Heights, or the Union County Planning Board regarding the use or development of the Hospital and/or the Hospital Real Property.

(g) Survival. All representations and warranties by the UCIA in this Agreement are true and complete as of the date of this Agreement and shall be true and complete on the Closing Date. All covenants of the UCIA in this Agreement shall survive Closing for a period of one (1) year from the Closing Date.

Section 4.2 Purchaser's Covenants Regarding Utilization of Hospital as Hospital or Similar, Health-Related Facility. Preference to Union County Residents. (a) Subsequent to conveyance or transfer, as the case may be, of the Hospital Real Property and the Hospital Business Assets to the Purchaser, and under the terms of this Agreement, the Hospital shall, in accordance with the restrictive covenant that shall be contained in the Deed, continue to be utilized as a Hospital, or other related healthcare facility for a period of 99 years, unless such covenant is removed by operation of law or by agreement of the Parties. In the event Purchaser determines to relocate the Hospital and Hospital operations to another location within the County of Union, UCIA shall seek the approval of the UCIA, which approval shall not be unreasonably withheld; provided, however, that the UCIA shall have the right to require the Purchaser to maintain the same covenant, i.e., 99 years, on the new location minus the number of years the Purchaser operated the Hospital at its present location. The Purchaser may transfer ownership of the Hospital at any time (in accordance with Applicable Laws) so long as such transfer does not violate the requirements of this Section 4.2, or the Deed.

(b) Purchaser specifically acknowledges that in accordance with its obligations to utilize the Hospital as described in this Section 4.3, it shall give preference for admission to Union County residents, as and against similarly-situated patients who are not county residents, in such instances in which the number of potential admittees exceeds the number of licensed beds available at the Hospital.

(c) Survival. The foregoing representations and warranties by the Purchaser are true and complete as of the date of this Agreement and shall be true and complete on the Closing Date. Purchaser's covenants contained in this Section 4.3 shall survive Closing in perpetuity, and in the event of Purchaser's breach of such covenants as contained in this Section 4.3, the UCIA and/or the County shall be entitled to a suit seeking specific performance and injunctive relief, or, in the alternative, pursue any other remedy that may be available to the County or the UCIA at law or in equity.

Section 4.3 Covenants of the UCIA with Respect to Hospital Business Assets. The UCIA hereby covenants and agrees that at the Closing, the UCIA will convey the Hospital Business Assets to the Purchaser free and clear of all violations, liens and encumbrances except the Permitted Liens. From and after the date of this Agreement and until the Closing Date, except as otherwise consented to

by the Purchaser in writing:

(a) The County shall continue to operate the business of the Hospital in the ordinary course, in a businesslike manner and in substantially the same manner as it has heretofore, in accordance with Applicable Law.

(b) The County or the UCIA shall provide Purchaser with copies of all the Department of Health survey reports and government notices that are received by County subsequent to the date hereof, and any necessary Plan of Correction filed with respect thereto.

(c) Except in the ordinary course of business, the Hospital will not acquire or dispose of any fixed assets, make any capital expenditures, change employment terms for any executive which may bind Purchaser, or institute, amend, or terminate any employment benefit plan, or enter into, amend, or terminate any material or long-term contract that cannot be terminated upon thirty (30) days notice without cost or penalty, without the written consent of Purchaser, not to be unreasonably withheld or delayed. This provision does not apply to professional or industry groups, or organizational memberships including but not limited to independent practice associations, from which County may withdraw or join at will;

(d) The County and the UCIA shall maintain and keep the Hospital Business Assets in good condition and working order, including making necessary repairs and replacements, ordinary wear and tear, depreciation and casualty excepted;

(e) The County and the UCIA shall maintain and preserve intact the business organization relating to the Hospital and to retain adequate staffing of the Hospital and to maintain the Hospital's relationship with physicians, employees, residents, resident's families, suppliers, customers, and other having business relationships with the Hospital so that they will be preserved for the Purchaser on the date of the Closing.

(f) Without the written consent of Purchaser, which shall not be unreasonably withheld or delayed, neither the County nor the UCIA will not enter into any contract, lease or agreement in excess of \$10,000 (a) not in the ordinary course of business, and (b) not terminable by Purchaser or the County or UCIA, as the case may be, upon thirty (30) days or less notice and without cost or penalty;

(g) The UCIA shall comply with all terms, conditions and provisions of all leases, liens, mortgage(s), agreements, insurance policies and other contractual arrangements;

(h) The UCIA shall promptly furnish Purchaser with such information and accounting with respect to the operation and maintenance of the Hospital, as Purchaser may reasonably request. Purchaser, and its agents, will be afforded reasonable access to the Hospital during normal business hours upon request, such access to commence at the time Purchaser's Applications are submitted to the DOH and the DHS;

(i) The County shall continue to maintain all books and records in accordance with past practice;

(j) The County shall continue to pay when due (or withhold and pay over, if required), all taxes, assessments, charges or levies, if any, imposed upon the Hospital or on any of the Hospital Business Assets;

(k) The UCIA shall promptly advise the Purchaser in writing if the UCIA or the County

becomes aware of any threatened or actual claim, action, suit or proceeding, arbitration or investigation against the Hospital or an employee that may materially adversely affect the operations, properties, assets or prospects of the Hospital;

(l) The County shall continue to fund all Plans in accordance with the terms thereof through the Closing Date;

(m) The County shall continue to keep in full force and affect all Licenses and insurance policies;

(n) The County shall remedy and clear any violations relating to the Hospital and the Hospital Real Property occurring or noticed prior to the Closing Date;

(o) The County shall maintain at all times not less than 21 days of inventory and supplies.

Section 4.8 Commencing on the Contract Date and continuing through the Closing Date or the earlier termination of this Agreement, the UCIA shall not, without the prior written consent of the Purchaser, which consent may be unreasonably delayed or denied:

(a) sell, assign or otherwise transfer or dispose of any Hospital Business Asset except in the ordinary course of business and, if valued in excess of Five Thousand Dollars (\$5,000.00) per item, without obtaining a comparable replacement; or

(b) make any major capital improvements unless requested, demanded or ordered by the Department of Health or any other Governmental Body, in which event the UCIA shall provide Purchaser with written notice thereof as soon as possible; or

(c) create or assume any new mortgage, security interest or other lien or encumbrance that is not pre-payable without penalty or charge, of any nature upon any of the Hospital Business Assets.

ARTICLE V

ENVIRONMENTAL CONDITIONS; DUE DILIGENCE; INSPECTIONS

Section 5.1 Right of Entry and Right to Inspect. (a) Purchaser shall have 60 days from the Contract Date (the "Due Diligence Period") to conduct any and all inspections of the Hospital and the Hospital Real Property (which, for purposes of this Article V, shall be called the "Premises"), and to complete any due diligence in connection therewith, including, without limitation, title, flood, tidelands and zoning investigation, structural investigation, soil tests, surveys, engineering studies, geo-technical studies, environmental studies and investigations and physical inspections of the Premises and such inspection shall include, but not be limited to, inspections of the process, procedures, management books and records of the Hospital and the Hospital Assets (the "Investigations").

If Purchaser discovers any defect (other than any defect previously disclosed to Purchaser), Purchaser shall have the right to terminate this Agreement for any or no reason by delivery to the UCIA of a notice of termination no later than by the end of the day one (1) business day after the 60th day from the Contract Date. In case of such termination the Parties shall have no further rights or liabilities hereunder except for any provisions in this Agreement that expressly survive such a termination and the UCIA's return to Purchaser of its Deposit. If Purchaser does not timely deliver

a notice of termination to the UCIA within such period, Purchaser shall be deemed to have accepted any such defect and the UCIA and Purchaser shall proceed to Closing and this Agreement shall be deemed effective.

(b) The UCIA hereby grants to Purchaser, its employees, agents, consultants and contractors, the right to enter onto the Premises upon at least twenty-four (24) hours' prior written notice to the Hospital Administrator, to have physical access to the Premises to conduct, at Purchaser's sole cost and expense, any and all Investigations. In connection with the Investigations, Purchaser and its agents shall not: (i) unreasonably disrupt or interfere with the business operation of the Hospital, or (ii) engage in any invasive test or procedure that would or may, in the sole opinion of the UCIA, cause or result in any damage to the improvements on the Premises unless such testing is insured as described below and assurances are in place to repair such potential physical damage prior to such Investigations; provided however, that nothing herein shall limit Purchaser's ability to affect borings on paved, concrete or dirt open areas or areas of vegetation or pedestrian or vehicular traffic or the like.

(c) Purchaser shall be liable for all damage or injury to any person or property based upon any action or failure to act in connection with any Investigation it undertakes, whether occasioned by the acts of Purchaser or any of its employees, agents, representatives or contractors, and Purchaser shall indemnify, defend and hold harmless the UCIA and the County and their respective officers and employees from any claims, causes of action, costs, expenses, damages, or liability in connection therewith, unless caused by the UCIA's and/or the County's negligence or willful misconduct, including, without limitation, legal and other professional consultant fees and expenses. Purchaser shall in any event repair and/or restore the Premises to the condition existing as of the date of this Agreement. This indemnification by Purchaser, and covenant to repair and restore, shall survive the Closing or termination of this Agreement. In addition to the foregoing, Purchaser and its agents, contractors, and representatives that will investigate the structural, environmental or geo-technical conditions, which require any form of mechanical or invasive testing, shall, as a condition of any such access, entry, and the Investigations, deliver certificates of insurance for comprehensive public liability insurance on an "occurrence basis" against claims for "personal injury," including without limitation bodily injury, death or property damage occurring on, in or about the Premises and the adjoining streets, sidewalks and passageways; provided, however, that such requirement may be satisfied by insurance procured by the third party agents, contractors, or consultants of Purchaser to the extent of and regarding their specific, respective entries and activities on the Premises, if such insurance otherwise complies with the requirements of this Section. Each such certificate shall (i) evidence coverage and limits reasonably satisfactory to the UCIA, (ii) shall name the UCIA and the County as additional insureds, and (iii) shall not be cancelable or non-renewable without at least ten (10) days prior written notice to the UCIA. All insurers issuing such certificates shall have a rating that is satisfactory to the UCIA, in its sole discretion, according to A.M. Best & Company Insurance Guide.

(d) After conducting Investigations, the Purchaser shall, within ten (10) days following its receipt of definitive reports concerning conditions at or on the Premises (i.e., structural, environmental, geo-technical, etc., conditions), notify the UCIA of any finding that an adverse environmental and/or structural condition ("Condition") exists at or on the Premises. Following receipt of such notice, the UCIA shall notify Purchaser whether the UCIA is prepared, at its sole option, to remediate or otherwise correct any such condition. In the event that the UCIA, in its sole discretion, determines not to remediate such condition, Purchaser shall have the option to proceed

with this Agreement, or to terminate this Agreement. Such termination shall be effective on a date which is five (5) days subsequent to the date upon which notice is provided by the Sellers of such decision. Notwithstanding anything to the contrary herein, if the UCIA shall be required pursuant to another Section of this Agreement to repair or remediate the Condition, then the UCIA shall not have the ability to terminate this Agreement.

(e) Purchaser acknowledges and agrees that, except as set forth in this Agreement, the UCIA has not made, and does not make, and specifically negates and disclaims any representations, warranties, covenants, or guaranties of any kind whatsoever, whether express or implied, oral or written, past, present, or future, of, as to, concerning or with respect to the Premises, including, without limitation, (a) the value, nature, quality or condition of the Premises; (b) the water, soil and geology of the Premises; (c) the income to be derived from the Premises; (d) the suitability of the Premises for any and all activities and uses which Purchaser may conduct thereon; (e) the compliance of or by the Premises or its operation with Applicable Laws; (f) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Premises; (g) the manner or quality of the construction or materials at or on the Premises; (h) the manner, qualify, state of repair or lack of repair of the Premises; or (i) any other matter with respect to the Premises.

Section 5.2 Environmental Conditions.

(a) The UCIA has not conducted a thorough environmental Investigation of the Premises. Certain information concerning the environmental conditions at the Premises has been provided to Purchaser (see Appendix A to the Requests for Qualifications). In accordance with Section 5.1, supra, Purchaser may, during the Due Diligence Period, conduct whatever environmental investigations of the Premises it deems appropriate including, without limitation, a Preliminary Assessment Report ("Phase I Study") in accordance with NJDEP's Technical Regulations. In the event Purchaser conducts such Investigation, it shall, within ten (10) days following its receipt of definitive reports concerning environmental conditions at or on the Premises, notify the UCIA of any finding that an adverse environmental condition exists at or on the Premises

(b) (i) The UCIA shall be solely responsible and liable for and shall fully protect, indemnify, defend, and hold harmless Purchaser, its officers, directors, agents, employees, representatives, affiliates, successors and assigns, from and against any and all causes of action, claims, charges, costs, damages, enforcement actions, directives, fines, injuries, judgments, liabilities, losses, penalties, and all costs and expenses incidental thereto, including, without limitation, reasonable attorneys fees, expert and consultant fees and laboratory costs, arising at law or in equity, of every kind or nature whatsoever, whether direct or indirect, known or unknown, which Purchaser, may hereafter incur, become responsible for or pay out as a result of Hazardous Substances located on, at or under the Premises as of the Closing Date including, but not limited to the costs of remediation associated with the condition described in Section 5.2.

(ii) Purchaser shall be solely responsible and liable for and shall fully protect, indemnify, defend, and hold harmless the UCIA, its officials, officers, directors, agents, employees, representatives, affiliates, successors and assigns, from and against any and all causes of action, claims, charges, costs, damages, enforcement actions, directives, fines, injuries, judgments, liabilities, losses, penalties, and all costs and expenses incidental thereto, including, without

limitation, reasonable attorneys fees, expert and consultant fees and laboratory costs, arising at law or in equity, of every kind or nature whatsoever, whether direct or indirect, known or unknown, which the UCIA, may hereafter incur, become responsible for or pay out as a result of Hazardous Substances located on, at or under the Premises resulting from Purchaser's use of the Premises.

(c) This Section 5.2 shall survive the Closing.

ARTICLE VI

CASUALTY AND CONDEMNATION

Section 6.1 Casualty. Subject to the provisions of this Section 6.1, during the executory period of this Agreement, the risk of loss of the Hospital Real Property and the Hospital Business Assets (collectively, for purposes of this Article VI, the "Assets") shall be on the UCIA and not on the Purchaser. The previous sentence notwithstanding, if, prior to the Closing Date, the Assets or any part thereof shall have suffered loss or damage on account of fire, flood, earthquake, accident, act of war, civil commotion or other cause or event beyond the reasonable power and control of the UCIA of a value of less than Two Hundred Fifty Thousand Dollars (\$250,000.00), then the Parties shall close the transactions contemplated hereby without reduction in the Purchase Price, except as noted in the next sentence. In such event, Purchaser shall be entitled to all insurance proceeds payable by reason of such loss or damage to the Assets upon the Closing, and shall be assigned same at Closing by the UCIA, and shall further obtain a credit against the Purchase Price at Closing equal to the applicable deductible, any, arising under the County's or the UCIA's insurance policies relating to such loss. If, prior to the Closing Date, the Assets or any part thereof shall have suffered loss or damage on -account of fire, flood, earthquake, accident, act of war, civil commotion or other cause or event beyond the reasonable power and control of the UCIA in excess of a value of \$250,000.00 or more, the Purchaser shall have the right to (i) terminate this Agreement by giving written notice to the UCIA within ten (10) calendar days after the date on which the Purchaser receives written notice from the UCIA which describes such loss or damage, or (ii) proceed to Close the transactions hereby contemplated without any reduction in the Purchase Price, except as noted in the second following sentence. In the event of termination, the UCIA shall be entitled to retain all insurance proceeds payable by reason of any such loss or damage to the Assets. If the Purchaser consummates the sale of the Assets, then the Purchaser shall be entitled to all insurance proceeds payable by reason of loss or damage to the Assets upon the Closing, and shall be assigned same at Closing by the UCIA, and shall further obtain a credit against the Purchase Price at Closing equal to the applicable deductible arising under the County's insurance policies relating to such loss.

Section 6.2 Loss Prior to Closing Date: No Change in Licensed Services. In the event of any physical damage to the Hospital Real Property or the Hospital Business Assets or a condemnation prior to the Closing Date where the Hospital can continue to operate and use all 300 of its LTCU Hospital beds and all 44 of its APCU beds on the Closing Date, and all necessary repairs shall not have been completed by the Closing Date, this Agreement will continue in full force and effect with no reduction in Purchase Price, and the UCIA: (a) will assign to Purchaser, without recourse, all of UCIA's right, title and interest in and to any proceeds of all insurance policies maintained by UCIA or the Hospital affecting the Assets and any condemnation awards; (b)

pay Purchaser all proceeds received by the UCIA from any insurance policies maintained by the UCIA or the Hospital affecting the Assets, and (c) with respect to an insured casualty, pay Purchaser the amount of any deductible pursuant to the insurance policy and any shortfall between the amount of UCIA's claim to the insurance company and the amount paid by the insurance company, up to the actual cost of the repair.

Section 6.3 Loss Prior to Closing Date: Change in Licensed Services. In the event of any physical damage to the Assets or a condemnation prior to the Closing Date wherein the Hospital cannot continue to operate and use all 300 of its LTCU Hospital beds and all 44 of its APCU beds on the Closing Date, the Parties will have the following options:

(a) Purchaser may, in its sole discretion, terminate this Agreement upon written notice to the UCIA delivered within thirty (30) days from the date of receiving notice of the destruction or taking. In the event of such termination, and subject to the provisions of this Section ____, all further rights and obligations of the Parties will be canceled and the Deposit shall be returned to the Purchaser.

(b) In the event that Purchaser issues a notice of termination as provided in Section 6.1, the UCIA may, within thirty (30) days of receipt of such written notice, exercise by written notice to Purchaser an option to restore the Assets to substantially the conditions that existed before the loss, at the UCIA's sole cost and expense. If the UCIA exercises such option, the UCIA shall be entitled to such adjournment of the Closing as may be necessary to accomplish the repair or construction, not to exceed sixty (60) days; and

(c) If neither Party terminates this Agreement in accordance with the provisions of Section 6.1, then the Parties will proceed to Closing and at such Closing, UCIA (i) will assign to Purchaser, without recourse, all of the UCIA's right, title and interest in and to any unexpended proceeds receivable from any insurance policies maintained by the UCIA affecting the Assets and any condemnation awards; (ii) pay the Purchaser all unexpended proceeds received by the UCIA from any insurance policies maintained by the UCIA affecting the Assets; and (iii) with respect to an insured casualty, pay to Purchaser the amount of any deductible pursuant to the insurance policy.

At any Closing pursuant to Section 6.3, there shall be a *pro rata* reduction in the Purchase Price based upon the number, if any, of the 300 LTCU beds and the 44 APCU beds that DOH and/or DHS determines must be removed permanently from operation and use at the Hospital. The Parties agree that the decision of DOH and/or DHS in this regard shall be final. Notwithstanding the foregoing, if the reduction in the Purchase Price would exceed fifteen percent (15%) of the Purchase Price, then UCIA shall have the right to terminate this Agreement, in which event the UCIA will reimburse Purchaser for its costs and expenses incurred in connection with this Agreement, in an amount not to exceed \$250,000.00.

Section 6.4 Condemnation. a) If, prior to the Closing Date, the Hospital Real Property or any substantial portion thereof is affected by any eminent domain or other condemnation or similar proceeding, initiated by the State of New Jersey, its agencies or instrumentalities, then by written notice mailed within ten (10) calendar days following the Purchaser's receipt of notice of the event in question (i) the Purchaser may elect to cancel this Agreement, in which event neither Party shall have any liability or obligations to the other pursuant to this Agreement, and the Purchaser's Deposit shall be returned to the Purchaser; or (ii) the Purchasers may elect to consummate the Transaction in accordance

with this Agreement to the same extent as if the event in question had not occurred, in which event the Purchaser shall receive such eminent domain, condemnation or other proceeds or other sums due or payable on the Closing or the taking, whichever occurs later, and shall receive an assignment of same from the UCIA at Closing.

(b) Should such taking of the Hospital Real Property or any part thereof prior to the Closing be less than substantial, the Purchaser shall not have the option set forth in subsection (a) immediately above, this Agreement shall remain in full force and effect to the same extent as if the event in question had not occurred and the Purchaser shall receive all eminent domain, condemnation or other proceeds due or payable on the taking. In such event, the UCIA shall assign all of its rights to such proceeds to the Purchaser at the Closing, and shall cooperate with the Purchaser thereafter respecting the Purchaser's right to receive same.

(c) For purposes of this Section 6.4. "substantial" shall mean a taking which would, in the reasonable judgment of the Purchaser, render the Hospital Real Property unsuitable for the operation of a long-term care Hospital or an adult psychiatric Hospital, by adversely affecting the revenue or expenses of the Hospital. Should the UCIA disagree with the Purchaser's belief as to whether an event described in this subsection is or is not substantial, the UCIA shall notify the Purchaser of its disagreement within ten (10) calendar days of their receipt of the UCIA's notice with respect thereto, and the Parties shall thereupon each appoint a fully qualified and licensed expert experienced in evaluating nursing homes in the general geographic area of the Hospital, within ten (10) calendar days thereafter, and such experts shall make a joint inspection of the Assets within ten (10) calendar days of their appointment, and the two appraisers shall at the time of the inspection determine whether they agree that the taking is or is not substantial. If the experts are not in agreement, then the appointed experts shall meet and within ten (10) calendar days appoint a third expert mutually acceptable to them to render a written determination within ten (10) calendar days, whose determination in respect of the value of the taking shall be conclusive, subject to either party's right to appeal to the Superior Court of the State of New Jersey. Failure on the part of either Party or the person appointed by such Party to comply with the appointments and the decisions within the various ten (10) calendar day periods described in this subsection shall constitute a waiver of all rights on the part of such Party to dispute the determination of the other Party as to whether the taking is or is not substantial. Each Party shall pay the fees, costs, and expenses of its chosen expert; if a third expert is appointed pursuant to this subsection, then the fees, costs, and expenses of such third expert shall be paid by the party with whose appraiser such third expert disagreed.

ARTICLE VII

BREACHES AND DEFAULTS

Section 7.1 Breach of Obligations, Representations or Warranties by Purchaser. If at any time subsequent to the Contract Date and prior to the Closing Date, (a) the Purchaser shall breach any material obligation, covenant or warranty made by it herein, or (b) any representation made by the Purchaser herein shall be (or prove to be) false in any material respect, then, upon the UCIA's providing written notice thereof to the UCIA, the Purchaser shall proceed with due diligence and dispatch to take all such actions as shall reasonably be required to cure such breach, and the Purchaser shall continue to take all such actions until such

breach is cured.

Section 7.2 Events of Default by the Purchaser. Subject to the provisions of Section 7.1 hereof, any one or more of the following shall constitute an Event of Default by the Purchaser hereunder:

(a) Failure by the Purchaser (within thirty (30) days of either the occurrence or notice of any event described in Section 7.1 above, whichever is later), to cure such breach; provided however that, as long as the Purchaser is diligently pursuing such cure, and if, in the reasonable judgment of the UCIA, there is a reasonable likelihood that such breach shall be cured within such thirty (30) day period, then failure to cure such Event of Default shall not constitute an Event of Default until the 90th day after such breach has occurred or such notice has been provided, whichever is later; or

(b) Any Act of Bankruptcy on the part of the Purchaser has occurred prior to satisfaction of the terms and conditions of this Agreement; or

(c) In the event that Purchaser is unable to consummate the transactions contemplated in this Agreement because it is unable to pay the Purchase Price to the UCIA as provided herein.

Section 7.3 Remedies of the UCIA. The remedies for the occurrence of an Event of Default set forth under Section 7.2 (a) hereof shall be, at the option of the UCIA either a suit seeking specific performance by the Purchaser of the provisions of this Agreement and injunctive relief or to terminate this Agreement, or the pursuit of any other remedies that may be available to the UCIA at law or in equity. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

Section 7.4 Liquidated Damages on Termination in Certain Circumstances. Upon the occurrence of an Event of Default by Purchaser as provided in subsections 7.2(b) or 7.2(c) (and only in such events), the UCIA's sole and exclusive remedy for the Purchaser's failure to close shall be the payment by Purchaser to the UCIA of the Deposit as liquidated damages. The UCIA and the Purchaser agree that, as of the date of this Agreement, the Deposit represents a reasonable approximation of the damages the UCIA and the County will incur as a result of the termination of this Agreement as a result of the Events of Default by the Purchaser specified hereinabove.

Section 7.5 Breach of Obligations. Representations or Warranties by UCIA. In the event that the UCIA shall breach any Material obligation herein, or any covenant or warranty made by it herein, or if at any time any representation made by the UCIA herein shall be or prove to be false in any Material respect then, upon the Purchaser's providing written notice thereof to the UCIA, the UCIA shall proceed with due diligence and dispatch to take all such actions as shall reasonably be required to cure such breach and the UCIA shall continue to take all such actions until such breach is cured.

Section 7.6 Events of Default by the UCIA. Subject to the provisions of Section 7.5 hereof, failure by the UCIA (within thirty (30) days of either the occurrence or notice of any event described in Section 7.5 above, whichever is later), to cure such breach shall constitute

an Event of Default by the UCIA, provided however, that if the UCIA is diligently pursuing such cure, and if in the reasonable judgment of the Purchaser, there is a reasonable likelihood that such breach will be cured within such ninety (90) day period, then failure to cure such breach shall not be considered to be an Event of Default until the 90th day after such breach has occurred or such notice has been provided, whichever is later.

Section 7.7 Remedies of the Purchaser. The Purchaser's remedies for the UCIA's default as set forth under Section 7.6 hereof, and the UCIA's failure to cure such default, shall be termination of this Agreement, in which event the UCIA shall return the Deposit to the Purchaser. In addition, Purchaser may pursue any other remedies that may be available to the Purchaser at law or in equity to recover its costs incurred after the Contract Date in connection with the Transaction, including, but not limited to legal fees and expenses, environmental investigations, title examination expenses, survey and architectural fees and expenses, expenses incurred in recruitment and employment of staff, and the fees and expenses incurred in connection with the Due Diligence examinations and investigations contemplated in this Agreement. All rights and remedies under this Agreement are cumulative of and not exclusive of, any rights or remedies otherwise available, and the exercise of any such rights or remedies shall not bar the exercise of any other rights or remedies.

Section 7.8 Remedy for Non-Marketable Title; Reimbursement of Purchaser's Expenses Under Certain Circumstances. In the event that the UCIA cannot convey marketable title to the Hospital Real Property to the Purchaser as required in Section 2.9 of this Agreement, the Purchaser shall be entitled to terminate this Agreement upon written notice to the UCIA. In addition to the return of its Deposit, the Purchaser's sole remedy under this Section 7.8 shall be reimbursement by the UCIA to Purchaser for Purchaser's actual expenses incurred after the Contract Date in connection with the Transaction including but not limited to, the Purchaser's legal fees and expenses, environmental investigations, title examination expenses, survey and architectural fees and expenses, attorneys' fees, expenses incurred in recruitment and employment of staff, and the fees and expenses incurred in connection with the Due Diligence examinations and investigations contemplated in this Agreement. Notwithstanding anything to the contrary in this Agreement, the Purchaser shall always have the opportunity to close subject to any right of the UCIA to cancel this Agreement, by either utilizing the remedy set forth in that specific section giving rise to the UCIA's right to terminate this Agreement, or, closing subject to such issue, where there is no such offset or other remedy.

Section 7.9 Non-waiver. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient by the non-breaching party in its sole discretion. No waiver of the occurrence of any Event of Default hereunder, whether by the Purchaser or the UCIA, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.10 Exclusion of Consequential Damages. Except as expressly provided below, neither Party shall be liable for or obligated to pay incidental, special, punitive, consequential or indirect damages or lost profits in connection with the performance or alleged breach of this Agreement; provided, however, that in the event a Party fails to perform its obligations

hereunder while a dispute is pending, such non-performing Party shall be liable for and obligated to pay incidental, consequential or indirect damages or lost profits resulting from such non-performance to the other Party.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Indemnification by the Purchaser. The Purchaser agrees to protect, indemnify, defend and hold the UCIA, and its elected officers, members, employees, and agents, successors and assigns, free and harmless from and against any and all claims, debts, liabilities, obligations, losses, fines, penalties, judgments, assessments, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses), liens and encumbrances accruing, based upon, resulting from or directly or indirectly arising out of (i) any breach or violation of any representation, warranty, covenant, stipulation, agreement or certification by the Purchaser set forth in this Agreement or in any document delivered hereunder, provided that such breach or violation has been determined to have occurred by a court of competent jurisdiction or (ii) the breach by the Purchaser of any other term or provision of this Agreement, provided such breach has been determined to have occurred by a court of competent jurisdiction; (iii) any damages to the Hospital Real Property or the Hospital Business Assets caused by the negligence, gross negligence or intentional acts of Purchaser, its agents, employees, independent contractors, officers or directors, prior to Closing Date; or (iv) any facts or events occurring after the Closing Date and connected with the Hospital Real Property or the Hospital Business Assets, the activities of the Purchaser or the operations of the Hospital; provided, however, the indemnity shall not apply to any liability arising from a breach of this Agreement by the UCIA, provided that such breach has been determined to have occurred by a court of competent jurisdiction, or other act or omission by the UCIA occurring on or before the Closing Date.

Section 8.2 Indemnification by the UCIA. To the extent permitted by law, and subject to the limitations set forth in subsection (c) below, the UCIA agrees to protect, indemnify, defend, and hold the Purchaser and its members, officers, trustees, affiliates, agents, legal representatives, successors and assigns, and each of them, free and harmless from and against any and all claims, debts, liabilities, obligations, losses, damages, fines, penalties, judgments, assessments, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses), liens and encumbrances accruing based upon, resulting from or directly or indirectly arising out of (i) any breach or violation of any representation, warranty, covenant, stipulation, agreement or certification by the UCIA set forth in this Agreement or in any document delivered hereunder, provided such breach or violation has been determined to have occurred by a court of competent jurisdiction; or (ii) the breach by the UCIA of any other term or provision of this Agreement, provided such breach has been determined to have occurred by a court of competent jurisdiction; or (iii) any facts or events occurring prior to the Closing Date and connected with the Hospital Real Property or the Hospital Business Assets, the activities of the UCIA or the County or the operation of the Hospital; or (iv) any Medicare or Medicaid claims concerning facts or events occurring prior to the Closing Date and connected with the operations of the Hospital; provided, however, that the indemnity shall not apply to any liability arising solely as a breach of this Agreement by Purchaser, so long as such breach has been determined to have occurred by a court of

competent jurisdiction, or other act or omission by the UCIA occurring on or after the Closing Date; and provided further that with respect to claims made as described in (iv) of this Section 6.15(b), the Purchaser shall direct requests for indemnification to the UCIA, attention Executive Director.

Section 8.3 Indemnification by UCIA With Respect to Certain Claims. Anything in Section 8.2 to the contrary notwithstanding, to the extent permitted by law, the UCIA agrees to indemnify and hold the Purchaser and its respective affiliates, representatives, trustees, agents, and employees harmless from any and all claims related to the Purchaser's offer to purchase, purchase, and ownership and operation of the property and facilities constituting the Hospital Real Property or the Hospital Business Assets, arising out of (a) any claim by any labor organization, or present or former County Employees that (i) the County does not have the authority to sell the Hospital to the UCIA; (ii) the UCIA is a single, joint or alter ego of the County in regard to the ownership or operation of the Hospital; or (iii) the Purchaser is in any manner obligated to the County Employees; or, (b) any other claim now or hereafter made by any labor organization, employee, citizen or third party bidder against the UCIA relating to or arising out of its offer to purchase the Hospital; provided, however, that any and all claims for (i) tortious interference with contract; (ii) tortious interference with prospective economic advantage; and (iii) conspiracy, are expressly excluded from this indemnification, and the UCIA does not undertake to indemnify the Purchaser and its respective representatives, trustees, agents, and employees in any way for such claims. This claim for indemnification will include any costs or expenses incurred by Purchaser for attorneys' fees, compensatory damages, legal relief, equitable relief or other relief or remedy in connection with any civil litigation or any administrative proceeding. Except as provided herein, this indemnity is without limitation or condition and shall not be affected or abrogated by reason of any claim asserting or alleging that the Purchaser was responsible for the alleged harm or wrongdoing.

Section 8.4 Rights of the Purchaser Upon Failure of Title. If, at any time subsequent to the Closing Date, a court having competent jurisdiction shall enter a final judgment or order that the Transition Plan, and the effectuation thereof, are unlawful and, as a consequence thereof, title to the Hospital Real Property shall, by court order or operation of law, revert from the Purchaser to the UCIA, then in such event (and only in such event), the UCIA shall forthwith reimburse the Purchaser for the following: (a) the Purchase Price [(provided, however, that the County's obligations under this subdivision shall be reduced, dollar for dollar by the amount, if any, actually received by the UCIA representing the proceeds of any title insurance policy held by the Purchaser at the time of Closing; (b) all costs and expenses incurred by the Purchaser subsequent to the Closing Date in the development, repair and improvement of the Hospital and the Hospital Real Property, such costs and expenses being equal to the actual cost of such improvement and development minus accumulated depreciation, as reflected in the capital facilities allowance reports or other similar cost reports filed by the Purchaser and its affiliates and (c) all costs and expenses incurred by the Purchaser or its affiliates in connection with termination of operations at the Hospital or at other facilities operated by the Purchaser or any affiliate at the Hospital, including, without limitation, costs and expenses of moving, relocation, termination of employment, payment of termination or severance benefits to employees of the Purchaser who are employed at the Hospital or at other facilities operated by the Purchaser or any affiliate at the Hospital and other similar costs and expenses associated with the closure of Purchaser's and any such affiliate's operations.

Section 8.5 Control of Defense of Indemnifiable Claims. Any Party seeking indemnification under this Agreement (each, an "Indemnatee") shall give the Party from whom indemnification is sought (the "Indemnitor") written notice within ten (10) days of each claim for which it seeks indemnification. Failure to give such prompt notice shall not relieve Indemnitor of its indemnification obligation; provided that such indemnification obligation shall be reduced by any damages the Indemnitor demonstrates it has suffered resulting from a failure to give prompt notice hereunder. The Indemnatee, at its own expense, shall be entitled to participate in the defense of such claim and Indemnitor shall keep Indemnatee apprised of all material developments in any indemnified matter. If at any time the Indemnitor acknowledges in writing that the claim is fully indemnifiable by it under this Agreement, the Indemnitor shall have the right to assume control of the defense of such claim at its own expense. If the Indemnitor does assume control of the defense of any such claim in accordance with the foregoing sentence, then: (a) the Indemnitor shall not defend the claim for which indemnification is being sought in any manner that would likely have a material adverse effect on the Indemnatee or on any relationship that the Indemnatee may have with any customers, vendors, suppliers or others, and (b) the Indemnatee shall not settle such claim without the written consent of the Indemnitor, which consent shall not be unreasonably withheld, delayed or conditioned. Nothing contained in this Section 8.5 shall prevent either party from assuming control of the defense and/or settling any claim against it for which indemnification is not sought under this Agreement.

Section 8.6 Survival. The indemnification obligations of the Parties set forth in this Article VII shall survive the Closing for three (3) years and only for claims made during such period.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Compliance with Applicable Laws. From and after the Closing Date, the Purchaser shall take all actions required to comply with all Applicable Laws relating to its utilization of the Hospital Assets.

Section 9.2 Cooperation in Obtaining Local Zoning or Land Use Approvals. The UCIA shall, to the extent reasonably requested, but at no cost or expense to it, cooperate with the Purchaser to obtain any zoning or land use approvals as may be required in order to enable the Purchaser to utilize the Hospital Real Property in the manner contemplated by the terms of this Agreement, including, but not limited to, the subdivision of the Hospital Real Property.

Section 9.3 Dispute Resolution. Notwithstanding anything herein to the contrary, the Parties may resolve any disputes which may arise among them through any available legal or equitable procedure. In addition, the Parties may, on a case-by-case basis, agree to submit any dispute to a non-binding arbitration procedure in order to create a factual record which will be available for use by a court of competent jurisdiction in any subsequent action relating to such dispute. Unless otherwise agreed to in writing or as provided below, the Parties shall continue to perform their respective obligations under this Agreement during any dispute resolution process.

Section 9.4 Further Assurances. Each Party shall execute and deliver any instruments and perform any acts that may be necessary or reasonably requested in order to give full effect to the terms of this Agreement. Each Party shall use all reasonable efforts to provide such information, execute such further instruments and documents and take such action as may be reasonably requested by the other Party; provided however, that such actions are not inconsistent with the provisions of this Agreement and do not involve the assumption of obligations other than those which are provided for in this Agreement to carry out the intent of this Agreement.

Section 9.5 Confidentiality. Information and documentary data furnished by Purchaser, including but not limited to information relating to its identity, its business, financial condition or business plan, will be kept strictly confidential by the UCIA and the County. No portion of the Confidential Information may be disclosed to others. Such information and documentary data, together with analyses, compilations, studies, or other documents or records prepared by each party, their agents, representatives (including attorneys, accountants, and financial advisors), employees, or consultants that contain or otherwise reflect or are generated from such information are referred to in this Agreement as the "Confidential Information."

The UCIA agrees and acknowledges that Purchaser's Confidential Information is of a proprietary and confidential nature and that damage could result to Purchaser if the information is disclosed to any third party. UCIA further agrees that the Confidential Information has been or will be furnished subject to, and in consideration of, the agreement that the UCIA and the County, their officials, directors, officers, agents, representatives, employees, and consultants will maintain its confidentiality, that the Confidentiality Information will be used solely for the purpose of the Transaction, and for no other purpose, and that the receiving Party will not disclose the Confidential Information, or any portion thereof, except as authorized by this Agreement.

Except as permitted by Section ___ hereof, without the prior written consent of Purchaser, the UCIA and the County, their officials, directors, officers, agents, representatives, employees, and consultants will not confirm or deny any statement made by any third party regarding the Confidential Information, disclose to any Person the Confidential Information or that such information has been made available to them, or disclose any of the terms, conditions, or other facts including, without limitation, the status of any negotiations or discussions. The terms "Person" and "third party" as used in this Agreement will be broadly interpreted to include, without limitation, any company, partnership, or individual.

Section 9.6 Relationship of the Parties. Except as otherwise explicitly provided herein, or by Applicable Laws, neither Party to this Agreement shall have any responsibility whatsoever with respect to services that are to be provided or contractual obligations that are to be assumed by any other party and nothing in this Agreement shall be deemed to constitute any party a partner, joint venture participant, agent or legal representative of any other party or to create any fiduciary relationship between the Parties.

Section 9.7 Waiver. The waiver by any Party of a default or of a breach of any provision of this Agreement by the other Party shall not operate or be construed to operate as a waiver of any subsequent default or breach. The making or the acceptance of a payment by any party with knowledge of the existence of a default or breach shall not operate or be construed to

operate as a waiver of any subsequent default or breach.

Section 9.8 Modification. Modifications, waivers or amendments of (or to the provision of) this Agreement shall be effective only if set forth in a written instrument signed by each Party hereto after all corporate or other action regarding the authorization for such modifications, waivers or amendments has been taken.

Section 9.9 Headings. The captions and headings in this Agreement are for convenience and ease of reference only and in no way define, limit or describe the scope or intent of this Agreement and such headings do not in any way constitute a part of this Agreement.

Section 9.10 Notices. Any notice or other communication which is required to be given hereunder shall be in writing and shall be deemed to have been validly given if faxed to the telephone number set forth below, delivered in person or mailed by certified or registered mail, postage prepaid, addressed as follows:

If to UCIA: Daniel Sullivan, Executive Director
Union County Improvement Authority
1499 Routes 1 and 9
Rahway, New Jersey 07065
Telephone No. 908-820-9710
Email: dsullivan@ucua.org

with a copy to: Catherine E. Tamasik, Esq.
DeCotiis, FitzPatrick & Cole, LLP
500 Frank W. Burr Blvd., Suite 31
Teaneck, New Jersey 07666
Telephone No.: 201: 928-1100
E-mail: ctamasik@decotiislaw.com

If to Center: Charles Edouard Gros
Center Management Inc.
141-40 Union Turnpike
Flushing, New York 11367
Telephone No. 718-732-2481
Email: cgros@centermgt.com

with a copy to: Joshua Farkas, Esq.
Stein Farkas Schwartz & Fish LLP
1639 East 13th Street
Brooklyn, New York 11229
Telephone No. 718-645-5600
Email: jf@sfslp.com

If notice is sent by fax or e-mail, the original executed copy of the notice shall be mailed or delivered as provided above. Changes in the addresses to which such notices may be directed

may be revised from time to time by any Party by written notice to the other Party.

Section 9.11 Closing Date Documents. On the Closing Date, the Purchaser and the UCIA shall deliver the documents that are set forth on Schedule ___ hereto.

Section 9.12 Successors and Assigns. This Agreement will be binding upon and will inure to the benefit of the Parties and their respective representatives, successors and permitted assigns. Subject to the approval of the UCIA, which approval shall not be unreasonable withheld, Purchaser shall have the right to assign this Agreement to an entity managed, either directly or through a series of entities, by Charles Gros. Any permitted assignee will be bound by all of the terms and provisions of this Agreement as if the assignee were the original signatory.

Section 9.13 Severability. In the event that any provision of this Agreement shall be determined for any reason to be invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, the Parties shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or to such other appropriate actions as, to the maximum extent practicable in light of such determination, shall implement and give effect to the intentions of the Parties as reflected herein. Notwithstanding such determination, such determination shall not invalidate or render any other provision hereof unenforceable.

Section 9.14 Governing Law. This Agreement shall be governed by the laws of the State of New Jersey. Any litigation that may result from a dispute between the Parties concerning this Agreement and the rights and obligations of the Parties hereto, shall be venued in the court for the State of New Jersey, Union County, or the United States District Court for the District of New Jersey, as applicable.

Section 9.15 Liability of Officers and Employees. Except to the extent provided by Applicable Laws, no officer, official, commissioner, trustee, agent, representative or employee of any Party or affiliates of the Purchaser shall be charged personally by the other Party or held contractually liable thereto under any term or provision of this Agreement, because of any Party's execution or attempted execution or because of any breach or alleged breach thereof; provided however, that all persons and Parties remain solely responsible for any of their own criminal or fraudulent actions.

Section 9.16 Third Party Beneficiaries. It is not intended that this Agreement make any Person or entity a third party beneficiary hereof, notwithstanding the fact that Persons or entities other than the Purchaser and the UCIA may be benefited thereby.

Section 9.17 Merger Clause. This Agreement (including the Schedules hereto) constitutes the entire agreement and understanding of the Parties with respect to the conveyance of the Hospital Assets and all other matters addressed or referred to herein and supersedes all prior and contemporaneous agreements and understandings, representations and warranties, whether oral or written, relating to such matters.

Section 9.18 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if the signature and seals thereto and hereto were upon the same instrument.

Section 9.19 Survival. All representations, warranties, covenants, stipulations, certificates, indemnities, and agreements contained herein, or in any document delivered pursuant hereto, shall survive the consummation of the Transaction provided for in this Agreement.

Section 9.20 Public Announcements. During the period commencing on the Contract Date through and including the Closing Date, no Party shall make any public announcement concerning this Agreement or the transactions contemplated herein, without the prior consent of the other Party, which consent shall not be unreasonably withheld or delayed.

Section 9.21 Intentions of the Parties. The intentions of the Parties are that the UCIA will transfer and convey the Hospital Real Property and the Hospital Business Assets to Purchaser as set forth herein. The Parties agree to do and take all reasonable and necessary steps to effectuate such transfer and conveyance, even if not specifically enumerated herein or in any Related Agreement, and to act in good faith to accomplish such transfer and conveyance. The Parties further agree that unless specifically stated herein, no other Person shall have any rights as against any of the Parties by means of this Agreement or any Related Agreement.

IN WITNESS WHEREOF, the UCIA and the Purchaser have executed this Agreement, intending to be legally bound hereby as of the day and year first above written.

ATTEST

CENTER MANAGEMENT GROUP, LLC

By: _____

By: _____

ATTEST:

UNION IMPROVEMENT AUTHORITY

By: _____

By: _____

Daniel Sullivan, Executive Director

RESOLUTION NO. 52-2014

Member Salerno introduced and moved the adoption of the following resolution and Member Tomko seconded the motion:

**RESOLUTION OF THE UNION COUNTY IMPROVEMENT AUTHORITY
AUTHORIZING AN EXECUTIVE SESSION**

WHEREAS, the Open Public Meetings Act (the "Act"), N.J.S.A. 10:4-12, permits public bodies such as the Union County Improvement Authority to conduct executive sessions to discuss certain matters;

BE IT RESOLVED that the Board of Commissioners of the Authority will go into Executive Session to discuss potential litigation; and

BE IT FURTHER RESOLVED that the minutes of the Executive Session shall be made available in compliance with the Act as soon as the matters discussed can be disclosed.

The foregoing resolution was adopted by the following roll call vote:

Recorded Vote

NAMES	AYE	NO	ABSTAIN	ABSENT
Sebastian D'Elia, Commissioner	✓			
Linda Hines, Commissioner				✓
Samuel T. McGhee, Commissioner	✓			
Cherron Rountree, Vice Chairperson	✓			
John Salerno, Secretary	✓			
Bryan Tomko, Treasurer	✓			
Carolyn Vollero, Commissioner				✓
Anthony R. Scutari, Chairperson	✓			

CERTIFICATION

I, JOHN SALERNO, Secretary of the Union County Improvement Authority, HEREBY CERTIFY that the foregoing **RESOLUTION OF THE UNION COUNTY IMPROVEMENT AUTHORITY AUTHORIZING AN EXECUTIVE SESSION** is a true copy of a resolution adopted by the governing body of the Improvement Authority on May 21, 2014.

UNION COUNTY IMPROVEMENT AUTHORITY

By: _____
John Salerno, Secretary

Dated: May 21, 2014

[SEAL]