

**MANAGEMENT AGREEMENT
PRESBYTERIAN HOMES OF GEORGIA, INC.
and
WESTMINSTER PRESBYTERIAN HOMES, INC.
d/b/a PRESBYTERIAN VILLAGE ATHENS**

THIS MANAGEMENT AGREEMENT (this “Agreement”), dated as of December 1, 2018, by and between PRESBYTERIAN HOMES OF GEORGIA, INC., a nonprofit corporation organized under the laws of the State of Georgia (“PHG”) and WESTMINSTER PRESBYTERIAN HOMES, INC. d/b/a PRESBYTERIAN VILLAGE ATHENS, a nonprofit corporation organized under the laws of the State of Georgia (“PVA”)(collectively, the “Parties”), recites and provides as follows:

RECITALS

A. PHG and PVA exist to provide facilities, services and programs to enhance the quality of life for older persons.

B. PVA has requested the Oconee County Industrial Development Authority (the “Authority”) to assist by issuing certain of its revenue bonds designated as “Oconee County Industrial Development Authority Revenue Bonds (Presbyterian Village Athens Project) Fixed Rate Series 2018A-1” (the “Series 2018A-1 Bonds”), “Oconee County Industrial Development Authority Revenue Bonds (Presbyterian Village Athens Project) Adjustable Rate Series 2018A-2” (the “Series 2018A-2 Bonds”), and “Oconee County Industrial Development Authority Revenue Bonds (Presbyterian Village Athens Project) Entrance Fee Series 2018A-3” (the “Series 2018A-3 Bonds,” and together with the Series 2018A-1 Bonds and the Series 2018A-2 Bonds, the “Series 2018A Bonds”). The Series 2018A Bonds will be issued pursuant to a Bond Trust Indenture (the “Series 2018A Bond Indenture”), dated as of December 1, 2018 (or such later date as may be approved by the Authority), between the Authority and Branch Banking and Trust Company, as trustee (the “Bond Trustee”).

C. Simultaneously with the issuance of the Series 2018A Bonds, the Authority will issue its “Oconee County Industrial Development Authority Revenue Bonds (Presbyterian Village Athens Project) Bank Bought Construction Series 2018A-4” (the “Series 2018A-4 Bonds”), and its “Oconee County Industrial Development Authority Revenue Bonds (Presbyterian Village Athens Project) Bank Bought Entrance Fee Series 2018A-5” (the “Series 2018A-5 Bonds” and together with the Series 2018A-4 Bonds, the “Series 2018A Bank Bought Bonds”)(the Series 2018A Bonds and the Series 2018A Bank Bought Bonds are referred to together, where applicable, as the “Bonds”). Each of the Series 2018A-4 Bonds and the Series 2018A-5 Bonds will be issued pursuant to a separate Indenture of Trust (respectively, the “Series 2018A-4 Indenture” and the “Series 2018A-5 Indenture,” together, the “Bank Bought Indentures,” and together with the Series 2018A Bond Indenture, the “Indentures”), dated as of December 1, 2018 (or such later date as may be approved by the Authority), between the Authority and the Bond Trustee.

D. PHG intends to assist in the funding of part of the Project by the issuance to PVA of that certain Series 2018 Subordinate Note (the “Series 2018 Subordinate Note”) in an initial principal amount of \$5,000,000.

E. PVA will use the proceeds of the Bonds and the Series 2018 Subordinate Note to (1) finance a portion of the cost of acquiring, constructing, furnishing and equipping certain real property and improvements thereon that will be a continuing care retirement community to be known as “Presbyterian Village Athens,” expected to include 186 independent living units, 30 assisted living units, 30 memory care units, and 40 skilled nursing beds, along with common and administrative areas (the “Project”) to be located on an approximately 70 acre site at 8021 Macon Highway in Oconee County, Georgia, and (2) to

finance, if and as needed, capitalized interest on the Bonds, a debt service reserve fund for the Bonds, costs of issuance related to the issuance of the Bonds, working capital, and other related costs.

F. PHG has more than sixty-nine years of experience in managing continuing care retirement communities and has been involved in every aspect of PVA's development and operations since its inception.

G. This Agreement is intended to establish the terms of the management services to be provided by PHG to PVA, and the basis for fees paid by PVA to PHG.

H. There is a benefit to be gained, beyond tangible services, by PHG and PVA working together for the mutual advancement of their mission, values, reputation and standards.

NOW, THEREFORE, in exchange for ten dollars in cash, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Additional Definitions.

For purposes of this Agreement and in addition to the definitions found in the Recitals above or the Series 2018A Bond Indenture (which shall be incorporated herein by reference), the terms listed shall have the following meanings:

(a) "Basic Services" means those services described in Section 3(b)(i) herein below.

(b) "Commencement Date" means the date any of the Bonds are first issued.

(c) "Daily Service Fees" shall have the meaning specified in that certain feasibility study prepared for PVA detailing the proposed financial feasibility of the Project and related to the skilled nursing beds.

(d) "Monthly Service Fees" shall have the meaning specified in that certain feasibility study prepared for PVA detailing the proposed financial feasibility of the Project and related to the independent living, assisted living and memory support units.

(e) "Obligations" means the obligations related to the Project as defined in the Indentures.

2. Term.

(a) The initial term of this Agreement shall commence on the Commencement Date and shall remain in effect so long as the Bonds remain outstanding and until the anniversary date of this Agreement which follows the redemption or satisfaction of all Bonds (the "Initial Term").

(b) At the expiration of the Initial Term, this Agreement shall renew annually for one (1) year terms on the anniversary of the date of this Agreement (except in the case of the year the Initial Term ends, in which case the renewal term shall run to the anniversary of the date of this Agreement)("Annual Term"), unless terminated after the Initial Term by either party with sixty (60) days written notice prior to the beginning of an Annual Term.

(c) If not terminated sooner in accordance with the foregoing, this Agreement shall terminate on December 31, 2053.

3. Services Provided by PHG.

PHG will provide certain services as well as leadership in activities related to the needs of the entire PHG organization (including its other facilities throughout the State of Georgia as well as PVA), research capabilities relevant to the latest innovations in services for older adults, and support and advice on trends and issues related to the industry, subparagraphs 3(a), 3(b), 3(c) and 3(d) below set forth the services to be provided by PHG (“Services”).

(a) *Construction Services.* Any PVA capital development project, including the Project, where PHG believes that it may provide appropriate development and construction services during the term of the Agreement, PHG may either provide, or assist PVA in retaining and monitoring the appropriate persons to provide, development and construction related services (“Construction Services”) in coordination and cooperation with PVA executives, as follows:

- (i) Acting as exclusive agent for the management of the Project;
- (ii) Creation and management of the operating budget for the Project;
- (iii) General supervision of the progress of the construction contracts, including, but not limited to, reviewing and approving change order requests, interfacing with and monitoring applicable local requirements and permits, supervision of punch list items and other specific duties requested by PVA related to the progress of the construction contracts:
 - 1) Administration of payments to the contractors pursuant to any construction contracts as well as other vendors;
 - 2) Coordination between the major general contractors and the principal additional contractors performing tasks on the project;
 - 3) Supervision and coordination of the warranty work to be performed by the various contractors on the project; and
 - 4) Other related services requested by PVA.

(b) *Administrative Services.* As of the Commencement Date, PHG shall provide administrative related services as follows:

- (i) Basic Services to be provided by PHG:
 - 1) *General Management and Oversight* - the administration and scheduling of all the Project’s services, providing all management services necessary for the day-to-day operations and supervision, including operation of the dining and dietary services, administering any reservation agreements and the residency agreements used by PVA; purchasing supplies; obtaining and maintaining required insurance policies; administering service contracts; the implementation and supervision of an activities, wellness and social services program; oversight of possible environmental issues; and the marketing of units that are unoccupied, including advertising, selection of media and production of brochures, in accordance with the Corporation’s operating budget

2) *Administration of Payroll Services* - collect information on hours worked, pay rates, deductions, and other payroll-related data from PVA and use that information to generate paychecks or other payment mechanisms, payroll reports, tax filings and related services.

3) *Administration of Accounts Payable* - management of debts and bills that must be paid within a given period of time in order to avoid default.

4) *Administration of Accounts Receivable* - management of monies owed to PVA for services and products rendered to residents and others. This service will include the invoicing of PVA residents and others who are indebted to PVA and the tracking of payments to PVA.

5) *General Accounting Services* - implementation and operation of the accounting system, including billing, collections, preparation of operating and capital budgets, preparation of fee and rate schedules, including the preparation, analysis and audit of financial information necessary for management to make day-to-day financial decisions and satisfy commercial and regulatory requirements. Also includes the implementation and management of the accounting systems and processes necessary to record and summarize financial information.

6) *Retirement Plan Administration* - tracking and administering the retirement plan and individual accounts related to the retirement plan for individual employees of PVA, including the monitoring of eligibility of PVA employees, the payment of distributions under the plan, the general tax filings and reporting required by the retirement plan and monitoring compliance with the company's and affiliate's plan rules and regulations, as applicable.

7) *State and Local Tax payments and exceptions* - monitoring and administering payments and exemptions under state and local tax laws, including but not limited to sales and real estate taxes.

8) *Fund Development and Administration Services* - developing strategies and tactics in raising funds for the benefit of residents who become unable to pay for services for reasons beyond their control. Initially these development services will be provided in conjunction with the Caring Hands Fund solicited for residents of all PHG facilities and affiliates facilities. Such services will also include administration of the distribution of such funds to residents who are in need.

9) *Insurance and Workers' Compensation Program Administration* - monitoring, evaluation and procurement of the insurance and workers' compensation programs to ensure that adequate coverage and good risk management practices are observed. Services will also include the monitoring of costs for coverage and the maintenance of group coverage to obtain the best rates.

10) *Expansion and Construction Services* - contracting for and administration of services (or assisting PVA in retaining and monitoring the appropriate persons to provide expansion and construction services related to construction and development of the Project and any of PVA's facilities, including additions to any existing facility, supervising and conducting a facility maintenance program, rehabilitation and improvement of any existing systems and facilities,

making recommendations for capital improvements and supervision of construction services provided by contractors and other vendors related to the Project or PVA during the term of this Agreement. These services may include cost monitoring, quality assurance, and monitoring for consistency in attaining construction standards.;

11) *Human Resources* - hiring and compensation of employees, management of the employee benefits, providing advice and assistance with questions regarding hiring, applicant tracking, skill development, and company related compliance programs, including compliance with government regulations. These services will also include monitoring of career development and training programs for employees of PVA; provided, however, that all employment decisions related to the hiring or termination of specific employees' services shall be the sole decision of PVA.

12) *Bond and Financing Administration* - providing financial administration related to the Bonds including the monitoring and calculation of the various covenants in the Bonds, including any debt related to the USDA financing that may be provided as part of the Project financing structure.

13) *Investment Advisory* - providing financial investment advisory services through obtaining third party investment counseling services and monitoring such services with respect to the general policy established by PHG for its own investments.

(ii) Through collaborative review, evaluate the performance of PVA.

(c) *Leadership and Coordination Services.* During the term of this Agreement. PHG shall provide leadership and coordination related services as follows:

(i) Define and pursue projects and opportunities that advance the parties' mutual mission and benefit the performance of PVA.

(ii) Monitor national trends to identify issues and opportunities of importance to PVA and lead initiatives to develop solutions or approaches to address important issues.

(iii) Facilitate communication, interaction, and the exchange of information among PVA and the entities that comprise the PHG organization, including identifying and examining excellent practices within PHG and its affiliates and/or look at competitors and trends in the long term care industry.

(iv) Develop and maintain a strategic plan and plan implementation in consultation with affiliates in order to strengthen the ability of PHG and its affiliates, including PVA, to advance their respective missions.

(v) Solicit the participation of affiliates, partners and patrons in PHG's ongoing strategic and implementation planning processes.

(vi) Provide opportunities for affiliates' staff and boards to participate in broader functions or activities beyond their local responsibilities (e.g. site visits to other PHG locations, presentations).

(d) *Activities Designed to Sustain and Enhance the Public Reputation of and Respect for PHG and its Affiliates.* During the term of this Agreement, PHG shall provide services designed to sustain and enhance the public reputation for PHG and its affiliates, including PVA, as follows:

- (i) Representation in national organizations.
- (ii) Collaboratively develop and present a consistent point of view and policy positions to media and government agencies.
- (iii) Initiate and support development of programs and approaches in areas such as care for the cognitively impaired, student internships and training programs, and research.
- (iv) Research and report on current issues that are applicable to all communities (e.g., Fair Housing Act Amendments, Americans with Disabilities Act. and Internal Revenue Code issues affecting continuing care retirement communities).
- (v) Facilitate research with communities and neighboring institutions of higher education to improve the quality of life of older adults.
- (vi) Provide church and community relations - i.e., maintenance of the relationships with the Presbyterian Church system in Georgia and the United States and the broader community to ensure compliance with the foundational purposes of the Presbyterian and other ecumenical organizations and connection to the needs of the community.

(e) *Excluded Services.* So long as this Agreement, or any amendment or supplement thereto remains in effect, PHG shall not be obligated to perform the following services:

- (i) Make or advise on decisions to promote or demote an employee;
- (ii) Make or advise on decisions to hire or terminate the employment of an Employee;
- (iii) Make decisions related to entering into or terminating any contracts;
- (iv) Make or advise on decisions related to health care services for any particular resident; or
- (v) Make any managerial decisions related to any of the areas set forth in subsections 3(a), 3(b), 3(c) and 3(d) hereof.

4. **Fees.**

In exchange for the services provided by PHG and subject to the limitations set forth in subsection 4(b) below, PVA shall pay to PHG a fee as follows:

(a) *Management Fee.* The management fee under this Agreement shall be equal to two and one half percent (2.5%) of all gross billings of the Project, including all Monthly Service

Fees, Daily Service Fees, other resident/patient charges, entrance fee amortization, and investment income (the "Management Fee"). The Management Fee is due and payable monthly, except as limited under subsection 4(b) below.

(b) *Subordination and Deferment of Management Fees.* From the Commencement Date, the Management Fee shall be subordinated and deferred to the payment of debt service on the Series 2018 Bonds. The Management Fee is also required to be deferred if the Debt Service Coverage Ratio (as defined in the Series 2018A Bond Indenture) is less than the coverage test or the liquidity requirement is not met on any semiannual testing date or an event of default occurs under the Series 2018A Bond Indenture. The payment of any such regular fees and deferred fees shall be made in accordance with the Series 2018A Bond Indenture.

5. PVA's Responsibilities.

PVA's responsibilities (hereinafter "Standards") shall be as follows:

- (a) Maintain operations consistent with an excellent continuing care retirement community's standards;
- (b) Cooperate with PHG to assure that its operations are appropriate and effective;
- (c) Provide information necessary for PHG to fulfill its Basic Services and for system-wide analysis and comparisons;
- (d) Provide staff to the extent necessary to provide services in accordance with this Agreement;
- (e) Use, when requested, PHG approved information technology, chart of accounts and policy manuals;
- (f) Participate in and contribute its share of funds to reasonable multi-facility programs conducted by PHG;
- (g) Pay the Management Fees, when due; and
- (h) Provide an opportunity for PHG staff to meet proposed department head and executive director candidates before hiring.

6. PVA's Failure to Maintain Standards (as defined in Section 5)

PVA is expected to maintain the required Standards and to operate in a sound manner, consistent with PHG's values and standards. PHG may request in writing that PVA take action to correct deficiencies if they occur. Such request shall outline a reasonable time line to achieve correction. In some cases, a closer working relationship with PHG staff may correct the problem. In such case, PVA shall pay such fee for additional services as PHG and PVA mutually determine, subject however to the limitations set forth in Section 4(b) so long as such limitations remain in effect.

7. Cooperation.

The parties believe that the key to success of the Agreement is the common framework of trust and cooperation developed between them. They are committed to use all reasonable efforts to resolve any disputes that may arise between them with respect to this Agreement. PHG and PVA agree that they will work together, along with all other facilities affiliated with PHG to establish a mutually acceptable process for the resolution of disputes that might arise with respect to this Agreement.

8. Indemnification.

PHG and PVA are not responsible for any debt, obligation or liability of one another, except as otherwise provided in connection with the Series 2018 Subordinated Note, the Indentures, the Liquidity Support Agreement, the Guaranty Agreement dated as of December 1, 2018 between PHG and Bond Trustee, and other applicable related agreements. PVA shall indemnify, defend and hold PHG and its directors, officers, managers, agents and employees harmless from and against any and all claims, actions, damages, liabilities and expenses, including reasonable attorneys' fees, in connection with any debts of PVA and in connection with loss of life, personal injury or property damage that results as a consequence of or that is in any way related to PHG's provision of services under this Agreement, except such loss of life, personal injury or property damage that results from PHG's gross negligence or recklessness.

9. Parties.

This Agreement is solely between PHG and PVA. No other entity has any rights or benefits under this Agreement. There are no third party beneficiaries of this Agreement. Notwithstanding the foregoing, each of the Parties acknowledges and agrees that (a) the Bond Trustee has been granted a security interest in PVA's rights and interests under this Agreement pursuant to the Series 2018A Bond Indenture, and (b) upon the proper exercise of the Bond Trustee's remedies under the Series 2018A Bond Indenture and applicable law. The Bond Trustee may succeed to PVA's rights and interests under this Agreement.

10. Non-waiver.

PHG and PVA shall have the right at all times to enforce all the provisions of this Agreement in strict accordance with their terms, notwithstanding any conduct or custom in refraining from doing so at any time or times. Failure of PHG or PVA to fulfill any provision of this Agreement shall not affect the validity of the Agreement.

11. Assignment.

PVA may assign its rights hereunder only to the Bond Trustee, or otherwise to secure the performance of its Obligations under the Series 2018A Bond Indenture, including without limitation payment of the 2018A Series Bonds. PHG hereby consents to any such assignment, and shall execute any additional written consent of such assignment reasonably requested by PVA or the Bond Trustee. Otherwise, PVA may not assign its rights under this Agreement except with the prior written consent of PHG and in accordance with the Indentures, which consent PHG may withhold in its sole and unfettered discretion. No assignment consented to in writing by PHG shall release PVA from any of its obligations under this Agreement unless such release is expressly set forth in a writing signed by PHG and the Bond Trustee.

12. Amendments.

The terms of this Agreement may be reasonably amended from time to time by the parties, provided, however, that the limitations on payments to PHG set forth in Section 4(b) may not be increased so long as the 2018A Bonds are outstanding.

13. Miscellaneous.

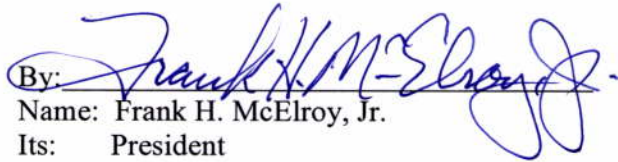
This Agreement is made and delivered in the State of Georgia. The laws of the State of Georgia control this Agreement. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION, OR PROCEEDING OF ANY KIND WHATSOEVER AGAINST ANY OTHER PARTY IN ANY WAY ARISING FROM OR RELATING TO THIS AGREEMENT IN ANY FORUM OTHER THAN THE US DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA OR THE COURTS OF THE STATE OF GEORGIA SITTING IN BROOKS COUNTY, GEORGIA AND ANY APPELLATE COURT FROM ANY THEREOF. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND AGREES TO BRING ANY SUCH ACTION, LITIGATION, OR PROCEEDING ONLY IN THE US DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA OR THE COURTS OF THE STATE OF GEORGIA SITTING IN BROOKS COUNTY, GEORGIA. EACH PARTY AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION, OR PROCEEDING IS CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

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Executed as of the date first written above.

PRESBYTERIAN HOMES OF GEORGIA, INC.

By: 
Name: Frank H. McElroy, Jr.
Its: President

WESTMINSTER PRESBYTERIAN HOMES, INC.
d/b/a PRESBYTERIAN VILLAGE ATHENS

By: 
Name: Alex Patterson
Its: **Vice President**