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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

In re: : Chapter 11
AMSTERDAM HOUSE CONTINUING CARE : Case No. 14-73348 (AST)
RETIREMENT COMMUNITY, INC., :
Debtor. :

X

**DISCLOSURE STATEMENT FOR DEBTOR'S AMENDED PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

CADWALADER, WICKERSHAM & TAFT LLP
Ingrid Bagby, Esq.
Christopher J. Updike
One World Financial Center
New York, New York 10281
Telephone: (212) 504-6000
Facsimile: (212) 504-6666

- and -

John H. Thompson, Esq.
700 Sixth Street, N.W.
Washington, D.C. 20001
Telephone: (202) 862-2200
Facsimile: (202) 862-2400

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EXHIBITS

- Exhibit 1 Debtor's Amended Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated September 2, 2014
- Exhibit 2 Liquidation Analysis
- Exhibit 3 Financial Projections
- Exhibit 4 Plan Support Agreement

THE DEBTOR HEREBY ADOPTS AND INCORPORATES EACH EXHIBIT ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN

DISCLAIMER

IF YOU ARE ENTITLED TO VOTE TO APPROVE THE PLAN, YOU ARE RECEIVING A BALLOT WITH YOUR COPY OF THIS DISCLOSURE STATEMENT. THE DEBTOR URGES YOU TO VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND SECTION 1125 OF THE BANKRUPTCY CODE. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTOR, ITS PROPERTY, OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE DEBTOR BELIEVES AND HAS MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, THE SUMMARY DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NONBANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE REORGANIZATION OF THE DEBTOR AS TO HOLDERS OF CLAIMS AGAINST THE DEBTOR.

THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT

SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS THE DEBTOR'S STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS CONTAINED IN THIS DISCLOSURE STATEMENT ARE BASED UPON THE ANALYSES PERFORMED BY THE DEBTOR AND ITS PROFESSIONALS. ALTHOUGH THE DEBTOR HAS MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO, THE DEBTOR CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE DEBTOR RECOMMENDS THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. IT IS THE OPINION OF THE DEBTOR THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

I. INTRODUCTION

A. General.

The following introduction is qualified by the Debtor's Amended Plan of Reorganization under Chapter 11 of the Bankruptcy Code proposed by Amsterdam House Continuing Care Retirement Community, Inc., as debtor and debtor in possession (the "**Debtor**"), dated September 2, 2014 (the "**Plan**"),¹ which is attached hereto as **Exhibit 1**, and the more detailed information and financial statements contained elsewhere in this document. The Debtor believes that confirmation and implementation of the Plan is in the best interests of creditors and that the Plan provides the best alternative available to creditors.

On July 22, 2014 (the "**Petition Date**"), the Debtor filed a voluntary petition for reorganization under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtor's chapter 11 case (the "**Chapter 11 Case**") is currently pending before the United States Bankruptcy Court for the Eastern District of New York (the "**Bankruptcy Court**").

The Debtor owns and operates The Amsterdam at Harborside ("**Harborside**"), Nassau County's first and only continuing care retirement community or "CCRC" licensed under Article 46 of the New York Public Health Law. The Debtor continues in possession of its properties and is managing its business as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code. Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

The Debtor has prepared this disclosure statement ("**Disclosure Statement**") as required by section 1125 of the Bankruptcy Code and Federal Bankruptcy Rule 3016(c). It is being distributed to holders of Claims and Interests against the Debtor to assist such holders in evaluating the feasibility of the Plan and the manner in which their Claims and Interests are treated, and in determining that the Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment when voting to accept or reject the Plan.

This Disclosure Statement describes the background of the Debtor and the significant events leading up to the filing of the Chapter 11 Case on the Petition Date. It also

¹ All capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

summarizes the Plan, which divides Claims and Interests into Classes and provides for the treatment of Allowed Claims.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

B. Frequently Asked Questions

THE INFORMATION PRESENTED IN THE ANSWERS TO THE QUESTIONS SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THIS DISCLOSURE STATEMENT AND THE PLAN.

Why am I receiving this document?

This Disclosure Statement is being delivered to you because you either are or may be the holder of, or have otherwise asserted, a Claim against the Debtor. This Disclosure Statement is intended to provide you with information sufficient to make an informed decision as to whether to vote to accept or reject the Plan.

Who is eligible to vote to accept or reject the Plan?

A holder of a Claim in a Class that is impaired under the Plan is entitled to vote to accept or reject the Plan. Generally, a Class of Claims is impaired unless the Plan leaves unaltered the legal, equitable, and contractual rights to which the Claims in such Class entitle the holders of such Claims. Under the Plan, Classes 2, 3, and 6 are considered impaired, and holders of Claims in these impaired Classes are entitled to vote.

I am a resident of Harborside. Am I eligible to vote to accept or reject the Plan?

Your status as a resident does not make you eligible to vote on the Plan. The Plan provides for the assumption of your Residency Agreement and the cure of any defaults thereunder. Under the Plan, your rights as a resident remain the same as they were prior to the Chapter 11 Case. Accordingly, in your capacity as a resident, you are considered to be an unimpaired creditor, and as such you are ineligible to vote either for or against the Plan. This does not mean, however, that you are precluded from challenging the assumption of your Residency Agreement or confirmation of the Plan itself. Furthermore, if you have claims against the Debtor that do not arise under your Residency Agreement, then you may be eligible to vote for or against the Plan on the basis of these other claims.

If I am eligible to vote, why should I vote to accept the Plan?

The Debtor believes that the Plan provides the best means for achieving the maximum distribution on account of your prepetition Claim. The Plan, as presently drafted, is the product of months of difficult negotiations and has the support of a majority in principal

amount of the holders of the Bonds. In addition, and as described below, holders of Claims in each Class will receive a better return under the Plan than they would in a potential liquidation.

How do I vote to accept or reject the Plan?

If you are entitled to vote on the Plan because you are the holder of a Claim in Classes 2, 3, or 6 that is allowed or has been temporarily allowed for voting purposes, as applicable, you must complete, sign, and return the enclosed ballot or ballots (each a “**Ballot**”) in accordance with the ballot instructions being delivered to you simultaneously herewith. A summary of the procedures is set forth in Article I.F herein.

What if I am entitled to vote to accept or reject the Plan and do not vote?

In general, within any particular Class of Claims, only those holders of Claims who actually vote to accept or to reject the Plan will determine whether the Plan is accepted by the requisite holders of Claims in such Class. A Class of Creditors is deemed to have accepted the Plan if the holders representing at least two-thirds in dollar amount and more than fifty percent in number of those voting vote to accept the Plan.

What happens if the Plan is not accepted by each Class entitled to vote on the Plan?

If no Class of Claims votes to accept the Plan, then the Plan will not be confirmed or consummated in its present form. Conversely, as long as the requisite holders of Claims in at least one impaired Class vote to accept the Plan, the Debtor may seek confirmation pursuant to section 1129(b) of Bankruptcy Code (which will require a determination by the Bankruptcy Court that the Plan is “fair and equitable” and “does not discriminate unfairly” as to each impaired Class that does not accept the Plan or is deemed to have rejected it). The Debtor believes that the Plan satisfies section 1129(b) of the Bankruptcy Code and, in any case, has reserved the right to modify the Plan to achieve confirmation.

When will the Plan be confirmed?

The Bankruptcy Court will schedule and conduct a hearing concerning confirmation of the Plan. The Plan Confirmation Hearing may be continued or adjourned, however, and even if it is held, there is no guaranty that the Bankruptcy Court will find that the requirements of the Bankruptcy Code with respect to confirmation have been met. In addition, there are additional conditions set forth in the Plan that must be satisfied or waived in accordance with the Plan before the Plan will become effective. The Debtor has requested that the Bankruptcy Court schedule a hearing to consider confirmation of the Plan on October 22, 2014 at 2:00 p.m. (prevailing Eastern time), before the Honorable Alan S. Trust, United States Bankruptcy Judge, in Courtroom 960 of the Alfonse M. D’Amato U.S. Courthouse, 290 Federal Plaza, Central Islip, NY 11722.

When will the Plan Supplement be filed and what will it include?

No later than September 30, 2014, or at a later date upon notice to parties in interest, the Debtor will file a “Plan Supplement,” which will likely include the following: (i) a

list of Executory Contracts and Unexpired Leases to be rejected; (ii) a list of Executory Contracts and Unexpired Leases to be assumed and the associated cure costs; (iii) the 2014 Bond Documents; (iv) the Amended and Assumed Administrative Services Agreement, (v) the New Financial Services Advisory Agreement, (vi) the Marketing and Development Advisory Services Agreement, as amended on or before the Effective Date, and (vii) any additional documents filed before the Effective Date as supplements or amendments to the Plan Supplement. The detailed terms of the documents to be contained in the Plan Supplement have yet to be finalized and will continue to be negotiated by the Debtor.

C. Classification and Treatment of Claims Under the Plan.

Certain Classes of Claims are impaired under the Plan and, accordingly, are entitled to vote on the Plan. The Debtor is seeking votes to accept the Plan from holders of Claims in these Classes. For a description of the Classes of Claims and their treatment under the Plan, see Section 3 of the Plan — Classification and Treatment of Claims and Interests.

Estimated Claim amounts for certain Classes are based upon a preliminary analysis by the Debtor of the Claims pursuant to its books and records. There can be no assurance that these estimates are correct. The following treatments are possible only if the Plan is approved and the Debtor's estimate of the Claims is determined to be valid by the Bankruptcy Court. The timing of distributions under the Plan, if any, is subject to conditions and determinations described in later sections of this Disclosure Statement.

Each Class of Claims, except Administrative Claims, Priority Tax Claims, and U.S. Trustee Fees, are placed in the following Classes and will receive the following treatment under the Plan:

Summary of Classification and Treatment of Claims Under the Plan

| Class Description | Estimated Amount of Allowed Claims | Impaired | Treatment |
|---------------------------------|---|-----------------|---|
| Class 1 - Other Priority Claims | \$0 | No | This Class consists of all Allowed Other Priority Claims, if any such Claims still exist as of the Effective Date. Each Allowed Other Priority Claim shall be in a separate subclass. Except to the extent that the holder of an Allowed Other Priority Claim agrees to less favorable treatment, each holder of an Allowed Other Priority Claim will receive, in full and final satisfaction and discharge of and in exchange for each Allowed Other Priority Claim: (i) deferred Cash payments of a value, as of the Effective Date, equal to the holder's Allowed Other Priority Claim, or (ii) payment in Cash in full on the later of: (a) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (b) the third (3rd) Business Day after the date on which such Other Priority Claim becomes an Allowed Claim. |

| Class Description | Estimated Amount of Allowed Claims | Impaired | Treatment |
|--------------------------------------|---|----------|--|
| Class 2 - Series 2007A/B Bond Claims | <p>\$172,885,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$684,507.26, plus accrued and unpaid interest from the Petition Date to the Effective Date in the approximate amount of \$4,004,406.</p> | Yes | <p>This Class consists of all Series 2007A/B Bond Claims and includes all Claims of the holders of (i) the Series 2007A Bonds, which Claims shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$164,385,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$635,171.84, plus accrued and unpaid interest from the Petition Date to the Effective Date in the approximate amount of \$3,811,031.00; and (ii) the Series 2007B Bonds, which Claims shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$8,500,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$49,335.42, plus accrued and unpaid interest from the Petition Date to the Effective Date in the amount of \$193,375. Upon the terms and subject to the conditions set forth in the Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Series 2007A/B Bond Claim:</p> <p>Each holder of an outstanding Series 2007A Bond or outstanding Series 2007B Bond shall exchange the then outstanding Series 2007A Bond or Series 2007B Bond for (i) its <i>pro rata</i> share of the principal amount of the Series 2014A Bonds in the aggregate principal amount of \$129,663,750 allocated to that respective maturity as further set out in Schedule A attached to the Plan; and (ii) its <i>pro rata</i> share of the principal amount of the Series 2014C Bonds in the aggregate principal amount of \$47,225,656 (inclusive of interest from the Petition Date through the Effective Date as set forth in Section 4.3.3 of the Plan).</p> <p>Each holder of an outstanding Series 2007A Bond or outstanding Series 2007B Bond shall also receive payment in full in Cash on account of its allocable share of accrued and unpaid interest on the Series 2007A Bonds or Series 2007B Bonds, as applicable, through the date immediately preceding the Petition Date, which payment shall be made as of the Distribution Date.</p> |

| Class Description | Estimated Amount of Allowed Claims | Impaired | Treatment |
|-------------------------------------|--|----------|--|
| Class 3 -- Series 2007C Bond Claims | <p>\$47,685,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$1,012,489.73, plus accrued and unpaid interest from the Petition Date to the Effective Date in the approximate amount of \$984,695.</p> | Yes | <p>This Class consists of all Series 2007C Bond Claims and includes all Claims of the holders of the Series 2007C Bonds, which shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$47,685,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$1,012,489.73, plus accrued and unpaid interest from the Petition Date to the Effective Date in the amount of \$984,695. Upon the terms and subject to the conditions set forth in the Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Series 2007C Bond Claim:</p> <p>Each holder of an outstanding Series 2007C Bond shall exchange the then outstanding Series 2007C Bond for a <i>pro rata</i> share of:</p> <p>Series 2014A Bonds in the aggregate principal amount of \$11,921,250;</p> <p>Series 2014B Bonds in the aggregate principal amount of \$23,842,500; and</p> <p>Series 2014C Bonds in the aggregate principal amount of \$12,905,945 (which amount shall include interest from the Petition Date through the Effective Date, as set forth in Section 4.3.3 hereof).</p> <p>Each holder of an outstanding Series 2007C Bond shall also receive payment in full in Cash on account of its allocable share of accrued and unpaid interest (based upon the contractual rate of interest of 10% per annum) on the Series 2007C Bonds through the date immediately preceding the Petition Date, which payment shall be made as of the Distribution Date.</p> |
| Class 4 - Other Secured Claims | \$0 | No | <p>This Class consists of all Other Secured Claims. Except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon as practicable thereafter, each holder of an Allowed Other Secured Claim shall have its Other Secured Claim reinstated and the legal, equitable, and contractual rights to which the holder of such Claim is entitled shall otherwise be unaltered in accordance with section 1124 of the Bankruptcy Code. For the avoidance of doubt, this Class 4 includes the PILOT Claim.</p> |
| Class 5 - General Unsecured Claims | \$1,030,948 | No | <p>This Class consists of all General Unsecured Claims. Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in</p> |

| Class Description | Estimated Amount of Allowed Claims | Impaired | Treatment |
|-------------------------------|------------------------------------|----------|--|
| | | | exchange for each General Unsecured Claim, each holder of an Allowed General Unsecured Claim will receive payment in full in Cash of the unpaid portion of such Allowed General Unsecured Claim on the latest of (i) the third (3rd) Business Day after the Effective Date or as soon as practicable thereafter as determined by the Disbursing Agent, (ii) the third (3rd) Business Day after the date on which such General Unsecured Claim becomes an Allowed Claim, (iii) the date such Allowed General Unsecured Claim becomes due and payable in the ordinary course of business, or (iv) as otherwise agreed to by the Debtor and the holder of such General Unsecured Claim, and the Plan shall otherwise leave unaltered the legal, equitable, and contractual rights to which the holder of such General Unsecured Claim is entitled; <i>provided, however</i> , that the Debtor may seek authority from the Bankruptcy Court to pay certain General Unsecured Claims in advance of the Effective Date in the ordinary course of business. The Debtor reserves its right, however, to dispute the validity of any General Unsecured Claim, whether or not objected to prior to the Effective Date. |
| Class 6 – Subvention Claim | N/A | Yes | This Class consists of the Subvention Claim. On or after the Effective Date, holders of Claims in this Class shall: (i) receive no distribution on account of the Subvention Claim, (ii) enter into the Subordination Agreement, and (iii) retain the Subvention Claim as a claim against the Reorganized Debtor on the terms set forth in the Subvention Certificate. |
| Class 7 - Interests in Debtor | N/A | No | This Class consists of all Interests in the Debtor. On the Effective Date, ACCHS will retain all membership interests in the Reorganized Debtor and will enter into a reasonable agreement with the 2014 Bond Trustee and the Reorganized Debtor providing that neither ACCHS nor the Reorganized Debtor shall engage in any conduct within the Primary Market Area or Secondary Market Area of Harborside that competes with the sales efforts of Harborside. |

D. Plan Overview.

The following is a brief overview of the Plan and is qualified by reference to the Plan itself. For a more detailed description of the terms and provisions of the Plan, see Article IV - The Plan of Reorganization.

The Plan is the result of negotiations by and among the Debtor, the 2007 Bond Trustee, and the Consenting Holders.

The Plan provides for the payment and/or full satisfaction of all Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed U.S. Trustee Fees, Allowed Other Priority Claims, Allowed Other Secured Claims, and Allowed General Unsecured Claims against the Debtor. The Plan also provides that the holders of Allowed Series 2007A/B Bond Claims and Series 2007C Bond Claims, in full and final satisfaction and discharge of and in exchange for such Allowed Claims, will receive certain 2014 Bonds and payment in Cash on account of accrued and unpaid prepetition interest as further set out in Schedule A to the Plan. In addition, the Plan provides that the holder of the Allowed Subvention Claim will accept the treatment proposed by the Plan in full satisfaction of such holder's Claim.

The potential recoveries are only estimates, and actual recoveries will either increase or decrease depending upon the occurrence or non-occurrence of numerous factors, including, but not limited to, the risk factors discussed in Article VII herein.

E. Summary of Confirmation Requirements.

Under the Bankruptcy Code, only holders of Claims and interests that are "impaired" are entitled to vote to accept or reject the Plan. The Bankruptcy Code further provides that a Class that is left unimpaired under the Plan is deemed to have accepted the Plan, and a Class that receives no distribution under the Plan is deemed to have rejected the Plan. The Bankruptcy Code requires, as a condition to confirmation of a consensual plan of reorganization, that each impaired Class of Claims accept the Plan. A class of creditors is deemed to accept a plan if the holders of at least two-thirds in dollar amount and more than one-half in number of those creditors that actually cast ballots vote to accept such plan. A class of interest holders is deemed to accept a plan if the holders of at least two-thirds in amount of those interest holders that actually cast ballots, vote to accept such plan. Pursuant to section 1129(b) of the Bankruptcy Code, a plan may be confirmed even if it is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted the plan and the bankruptcy court finds that the plan is "fair and equitable" and "does not discriminate unfairly" as to each impaired class that does not accept the plan or that is deemed to have rejected it.

F. Voting Instructions and Deadline.

1. General Information. Under the Bankruptcy Code, certain Classes of Creditors are deemed to accept or reject the Plan, and the vote of these Classes will not be solicited.

2. Administrative Claims. Holders of Administrative Claims will not be entitled to vote on the Plan.

3. Unimpaired Classes Are Deemed to Accept the Plan and Do Not Vote. If a Creditor holds a Claim included within a Class that is not impaired under the Plan, then pursuant to section 1126(f) of the Bankruptcy Code, that Creditor is deemed to have accepted the Plan with respect to such Claim, and its vote of such Claim will not be solicited. Classes 1, 4, 5, and 7 are not impaired under the Plan and will be deemed to accept the Plan.

4. Claims Which Are Not Allowed. The Bankruptcy Code provides that only the holders of Allowed Claims are entitled to vote on the Plan. A Claim to which an objection

has been filed is not an Allowed Claim unless and until the Bankruptcy Court rules on the objection and allows the Claim. If the Bankruptcy Court has not ruled on the objection or status of such a Claim, but the holder of a Claim wishes to vote, the holder of the Claim may petition the Bankruptcy Court to estimate its claim for voting purposes under Federal Bankruptcy Rule 3018(a). Consequently, although holders of such Claims may receive ballots, their votes will not be counted unless the Bankruptcy Court, prior to the Voting Deadline, rules on the objection and allows the Claim or, on proper request under Federal Bankruptcy Rule 3018(a) prior to the Confirmation Hearing, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of voting on the Plan.

5. Voting and Record Date. If a Creditor holds a Claim classified in a voting Class of Claims under the Plan, the Creditor's acceptance or rejection of the Plan is important and must be in writing and filed on time. The record date for determining which creditors may vote on the Plan is September 4, 2014. The Voting Deadline is October 10, 2014 at 4:00 p.m. (prevailing Eastern Time).

- a. How to Vote. IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED AND RETURNED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT.
- b. Ballots. Creditors must use only the ballot or ballots sent to them with this Disclosure Statement. If a Creditor has Claims in more than one Class, it should receive multiple ballots.

IF YOU ARE A MEMBER OF A VOTING CLASS AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF SUCH BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT:

Kurtzman Carson Consultants LLC
 Attn: Amsterdam House Continuing Care Retirement Community, Inc. Ballot Processing
 2335 Alaska Ave.
 El Segundo, CA 90245
 Telephone: (877) 565-8216
 Email: HARBORSIDEINFO@KCCLLC.COM

G. The Confirmation Hearing.

The Debtor has requested that the Bankruptcy Court schedule a hearing to consider confirmation of the Plan on October 22, 2014 at 2:00 p.m. (prevailing Eastern time), before the Honorable Alan S. Trust, United States Bankruptcy Judge, in Courtroom 960 of the Alfonse M. D'Amato U.S. Courthouse, 290 Federal Plaza, Central Islip, NY 11722. The Bankruptcy Court has ordered that objections, if any, to confirmation of the Plan be filed and served within the time and in the manner described in the Confirmation Notice and Order that accompany this Disclosure Statement. The date of the Confirmation Hearing may be continued

at such later time(s) as the Bankruptcy Court may announce during the Confirmation Hearing or any continued hearing without further notice.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on all Claim and interest holders regardless of whether an individual Claim or interest holder has supported or opposed the Plan.

CREDITORS ARE NOT REQUIRED TO ATTEND THE CONFIRMATION HEARING UNLESS THEY HAVE EVIDENCE OR ARGUMENT TO PRESENT TO THE BANKRUPTCY COURT CONCERNING THE MATTERS TO BE ADDRESSED AT THE CONFIRMATION HEARING.

H. Definitions.

1. Defined Terms. As used in this Disclosure Statement, terms defined in the Plan annexed hereto and not otherwise specifically defined herein will have the meanings attributed to them in the Plan.

2. Interpretation of Terms. Each definition in this Disclosure Statement and in the Plan includes both the singular and the plural. Headings are for convenience or reference and shall not affect the meaning or interpretation of this Disclosure Statement.

II. BACKGROUND INFORMATION

A. Description of the Debtor.

The Debtor was organized in 2004 as a New York not-for-profit corporation that is exempt from federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) of the Internal Revenue Code. The Debtor's sole member is Amsterdam Continuing Care Health System, Inc. ("ACCHS"), which is also a New York not-for-profit corporation that is exempt from federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) of the Internal Revenue Code.

The Debtor owns and operates Harborside, which is situated on approximately 8.9 acres in Port Washington, New York. Harborside is Nassau County's first and only continuing care retirement community, or "CCRC", licensed under Article 46 of the New York Public Health Law. Generally, CCRCs provide senior citizens with a full range of affordable living accommodations and healthcare services during their retirement years, from independent living to skilled nursing care. As such, CCRCs allow seniors to live in the same location as their healthcare needs change over time. In addition, CCRCs provide residents with various social and entertainment outlets for all stages of retirement life. Harborside offers approximately 329 units of varying sizes for independent living, enriched housing, and skilled nursing care. Notably, Harborside has forty four (44) enriched living units and fifty six (56) skilled nursing beds in its Isaac H. Tuttle Health Center (the "Health Center") to provide short-term rehabilitation and long term care to its residents and to individuals living in the community. The Health Center is certified for Medicare and Medicaid by the United States Department of Health and Human Services' Centers for Medicare & Medicaid Services, and is also licensed by the

New York State Department of Health (the “**DOH**”). Approximately fifteen (15) percent of residents in the Health Center are covered by Medicaid. As of the Petition Date, Harborside can accommodate a total of approximately 450 residents.

B. Capital Structure of the Debtor.

To finance Harborside’s construction and development, the Nassau County Industrial Development Agency (the “**Issuer**”) issued its (i) Continuing Care Retirement Community Fixed Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007A, in the original aggregate principal amount of \$167,895,000 (the “**Series 2007A Bonds**”); (ii) Continuing Care Retirement Community Adjustable Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007B, in the original aggregate principal amount of \$8,500,000 (the “**Series 2007B Bonds**”); (iii) Continuing Care Retirement Community Variable Rate Demand Revenue Bonds (Amsterdam at Harborside Project) Series 2007C, in the original aggregate principal amount of \$95,100,000 (the “**Series 2007C Bonds**”, and collectively with the Series 2007A Bonds and the Series 2007B Bonds, the “**2007 Bonds**”); and (iv) Continuing Care Retirement Community Taxable Variable Rate Demand Revenue Bonds (Amsterdam at Harborside Project) Series 2007D, in the original aggregate principal amount of \$24,900,000 (the “**Series 2007D Bonds**”, and together with the 2007 Bonds, the “**Bonds**”) pursuant to the Indenture of Trust (as amended, the “**2007 Indenture**”), dated as of December 1, 2007 between the Issuer and The Bank of New York, as trustee. UMB Bank, n.a. currently serves as successor trustee under the 2007 Indenture (or any successor trustee in such capacity, the “**2007 Bond Trustee**”).

Contemporaneously with the execution of the 2007 Indenture and the issuance of the Bonds, the Debtor and the Issuer entered into the Installment Sale Agreement, dated December 1, 2007 (the “**2007 Installment Sale Agreement**”), pursuant to which the Issuer purchased the Harborside site from the Debtor on the date of issuance of the 2007 Bonds, financed the improvements and construction of Harborside, and sold the completed Harborside community to the Debtor, and the Debtor, as the purchase price, agreed to make installment sale payments in amounts sufficient to pay the obligations under the Bonds. In addition, the Debtor and Bank of America, N.A. (as successor by merger to LaSalle Bank National Association), as administrative agent (the “**Administrative Agent**”), entered into the Letter of Credit and Reimbursement Agreement (as amended, the “**Reimbursement Agreement**”), dated as of December 1, 2007, pursuant to which the Administrative Agent issued two direct-pay irrevocable letters of credit as security for the Series 2007C Bonds and the Series 2007D Bonds.

As further security for the Bonds, on December 1, 2007, the Debtor, the Issuer, the 2007 Bond Trustee, and the Administrative Agent entered into (i) the Acquisition Loan Mortgage, Assignment of Leases and Rents and Security Agreement, (ii) the Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement, and (iii) the Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement (collectively, the “**Mortgage**”). The Mortgage created a security interest on substantially all of the Debtor’s property, subject only to the first lien securing the Debtor’s obligations under the Payment in Lieu of Taxes Agreement (the “**PILOT Agreement**”), dated as of December 1, 2007, between the Debtor and the Issuer regarding payments in lieu of taxes to be made by the Debtor to the

Treasurer of the County of Nassau with respect to the applicable real property taxes and assessments levied or assessed against Harborside.

As of the Petition Date, \$164,385,000 in principal amount of the Series 2007A Bonds, \$8,500,000 in principal amount of the Series 2007B Bonds, and \$47,685,000 in principal amount of the Series 2007C Bonds remain outstanding. As of the Petition Date, the Series 2007D Bonds have been fully redeemed, and the Debtor has no outstanding obligations with respect to the Series 2007D Bonds.

In addition, on March 31, 2004, the Debtor issued to ACCHS, in accordance with the restrictions imposed by sections 504 and 505 and other applicable provisions of the New York Not-for-Profit Corporation Law, the Subvention Certificate in consideration of a \$3,000,000 subvention contribution made by ACCHS to the Debtor to help finance the acquisition of the Harborside site and the initial costs of developing and marketing Harborside. Pursuant to section 504(c) of the New York Not-for-Profit Corporation Law, the claims of subvention certificate holders are subordinate to the rights and claims of the subvention recipient's creditors.

C. Administration of Harborside.

1. Harborside Operations. Pursuant to the Advisory Agreement, dated March 31, 2004 (the “**Advisory Agreement**”), between the Debtor and Greystone Management Services Company, LLC (“**GMSC**”), GMSC provides advisory services to Harborside, other than with respect to the Health Center. Specifically, the Advisory Agreement calls for GMSC to provide certain pre-opening services, consultation services, accounting and financial management services, marketing services, and general operational oversight. GMSC has advised more than fifty communities similar to Harborside. The Debtor pays GMSC monthly fees under the Advisory Agreement, and is entitled to a monthly credit if Harborside’s independent living occupancy rate is below 90%. GMSC’s fees are consistent with the fees received by advisors in similar communities in the CCRC industry.

2. Health Center Operations and Finance Administration. Pursuant to the Administrative Services Agreement (the “**Administrative Services Agreement**”), dated March 31, 2004, between the Debtor and Amsterdam Consulting, LLC (“**Amsterdam Consulting**”), as assumed by Amsterdam Consulting pursuant to the Assignment and Assumption Agreement, dated July 14, 2008, among the Debtor, Amsterdam Consulting, and Amsterdam Services Corp. (an affiliate of the Debtor), Amsterdam Consulting provides advisory and consulting services with respect to the administration of the Health Center, and financial services as requested by the Debtor in connection with the administration of the Debtor’s accounting and finance department. The Debtor pays Amsterdam Consulting an annual fee in monthly installments under the Administrative Services Agreement, which fee is increased annually by the Labor Component of the New York State Department of Health Long Term Care Medicaid Trend Factor.

3. Harborside Marketing and Development. Pursuant to the Marketing and Development Advisory Services Agreement (the “**Marketing and Development Advisory Services Agreement**”), dated March 31, 2004, between the Debtor and Greystone Development Company II, LP (“**GDC**”), GDC provides, among other things, independent living marketing and

sales services during the initial fill-up of Harborside, and construction, accounting, and financial advisory services to the Debtor. Under the Marketing and Development Advisory Services Agreement, the Debtor pays GDC reimbursement for costs and expenses, and a services fee that is paid on a *pro rata* basis for each 5% change in independent living occupancy and includes a milestone payment owed when independent living reaches 90% occupancy. However, this services fee is currently deferred and not payable pursuant to the terms of the Forbearance Agreement (as amended and as defined below) and prepetition amendments to the Reimbursement Agreement. GDC's fees are consistent with the fees received by marketing advisors in similar communities in the CCRC industry.

D. Residents of Harborside.

Before occupying Harborside, each resident is required to execute with the Debtor a Residency Agreement. The Residency Agreement provides the terms and conditions that each independent living unit resident must abide by while residing at Harborside, and also outlines the resident's obligations regarding the payment of Entrance Fees, the resident's rights to a refund of such Entrance Fees, and other monthly charges that may be due to the Debtor during the duration of the resident's stay at Harborside (referred to herein as the "**Monthly Service Fees**"). For a limited period of time, the New York Public Health Law permits the Debtor to admit certain individuals not residing in an independent living unit to the Health Center by entering into an admission agreement (each an "**Admission Agreement**") with the Debtor.² See N.Y. Pub. Health Law § 4605; 10 N.Y.C.R.R. § 900.8. The Admission Agreement is a month-to-month contract that provides the terms and conditions such an individual must abide by while admitted to the Health Center, and outlines such an individual's obligation to pay fees or charges for healthcare services³ rendered by the Debtor.⁴

The Debtor currently offers prospective independent living residents the choice of three residency plans, each evidenced by a different Residency Agreement. The residency plans primarily differ with regard to the required Entrance Fee, the Monthly Service Fees, and the amount that potentially can be refunded thereunder. Generally, the purpose of the Entrance Fee is to pay for certain project costs, retire debt, cover operating expenses, and generate investment income for the benefit of Harborside and its residents. Prospective residents typically pay ten percent (10%) of the Entrance Fee upon execution of a Residency Agreement, and the remaining balance prior to occupancy. The Entrance Fees range from \$424,580 to \$1,742,826, depending upon the Residency Agreement and unit selected. Under the Residency Agreements, prospective residents are entitled to a full refund of any monies paid to the Debtor if they seek a refund prior to occupying a living unit at Harborside. After occupancy, a resident is entitled to a refund of a

² Under the terms of the Residency Agreement, independent living unit residents are also eligible to receive treatment in the Health Center. Under this arrangement, such residents continue paying Monthly Service Fees while receiving treatment in the Health Center.

³ For the avoidance of doubt, individuals entering the Health Center under an Admission Agreement do not pay Entrance Fees. Furthermore, the Admissions Agreement does not contemplate continuum of care.

⁴ As of the Petition Date, the Debtor believes that approximately seventy six (76) residents are contracted under Admission Agreements.

portion, or in some instances, all,⁵ of the Entrance Fees on the earlier of (a) thirty (30) days after a new resident executes a Residency Agreement and occupies the vacated independent living unit at Harborside, or (b) one year after termination of the Residency Agreement. The terms of any refund rights are outlined in the Residency Agreements. **Under the Plan, the Debtor seeks to assume all Residency Agreements and to continue fulfilling all of its obligations thereunder.**

Moreover, in addition to the Entrance Fee, the Debtor also charges residents a Monthly Service Fee. For residents under a Residency Agreement, the Monthly Service Fees range from \$2,013 to \$6,270 per month, depending upon the Residency Agreement and unit selected. The Debtor reviews Monthly Service Fees periodically and adjusts them as necessary to meet Harborside's financial requirements. Changes in the Monthly Service Fees must be approved by the New York State Department of Financial Services (the "**DFS**"). The terms of each form of Residency Agreement that the Debtor currently offers are summarized as follows:

- 80% Refundable Plan: This plan offers residents an 80% refundable contract (without interest). The Entrance Fees under this plan amortize⁶ at 1% per month over a period of twenty months, until the allowable refund amount is reached.
- 50% Refundable Plan: This plan offers residents a 50% refundable contract (without interest). The Entrance Fees under this plan amortize at 2% per month over a period of twenty-five months, until the allowable refund amount is reached. The Monthly Service Fees under this plan are 20% lower than the Monthly Service Fees for the 80% Refundable Plan.
- 0% Refundable Plan: This plan offers residents a traditionally amortizing 0% refundable contract. The Entrance Fees under this plan amortize at 2% per month over a period of fifty months, until no refund is due. The Entrance Fees under this plan are 30% lower than the Entrance Fees for the 80% Refundable Plan.

The Debtor has historically offered other Residency Agreements, different from the above, with different amortization rates and refund amounts (the "**Prior Residency Agreements**"), but any such agreements are no longer offered to new residents. As of the

⁵ Under the Residency Agreement, a resident is entitled to a full refund of the Entrance Fees, less any actual cost of services or charges incurred to customize the residence, if the Residency Agreement is terminated within ninety (90) days of initial occupancy.

⁶ Under the Residency Agreements, and consistent with Article 46 of New York's Public Health Law, a certain percentage of the Entrance Fee, typically between 1%–2%, amortizes and becomes non-refundable each month on account of the resident's occupancy at Harborside, for the number of months specified under the Residency Agreement.

Petition Date, approximately one hundred and eighty seven (187) residents have Prior Residency Agreements.⁷

In certain circumstances, and in the ordinary course of business, the Debtor provides prospective residents the option of deferring payment of up to eighty percent (80%) of their Entrance Fees for up to twelve (12) months to allow that resident to obtain the funds necessary to pay the Entrance Fees. This optional deferral is offered in circumstances when residents are unable to sell their existing home or have not yet sold and require funds from the sale of such home to pay the Entrance Fees to the Debtor. Residents under the deferral program execute a promissory note requiring them to pay the Entrance Fees fourteen (14) days after the closing of the sale of their home, or within (1) one year after occupying Harborside, whichever is earlier. The Debtor intends to continue offering the deferral program on a case-by-case basis, and in the ordinary course of business, during the pendency of the Chapter 11 Case. All of the incentive programs offered to residents, such as the deferral program discussed above, have been approved by the DOH and the DFS.

Prior to the Petition Date, and in anticipation of the Chapter 11 Case, the Debtor executed an escrow agreement (the “*New Escrow Agreement*”) with its prepetition escrow agent, Amalgamated Bank, to supplement its existing ordinary course escrow practices and provide residents with enhanced protections. On July 14, 2014, the Debtor gave the DOH written notice of its intent to offer an addendum to the Residency Agreements, which gave residents who executed a Residency Agreement on or after June 1, 2014 (the “*New Residency Agreements*”) and paid the related Entrance Fees (the “*New Entrance Fees*”) the ability to receive a full refund of such New Entrance Fees after receiving notice that a “Trigger Date,” as defined in the Escrow Agreement, has occurred. Upon such notice, the resident would have ten (10) days (the “*Rescission Period*”) to either terminate the New Residency Agreement and receive a full refund, less actual charges incurred, or continue staying at Harborside. Thereafter, and to the extent permitted by state law, all New Entrance Fees of residents who choose not to rescind the New Residency Agreement after the Rescission Period has elapsed will be deposited with the 2014 Bond Trustee in the Entrance Fee Fund.

All Residency Agreements shall be assumed under the Plan.

E. Regulatory Agencies

As a continuing care retirement community operating in the State of New York pursuant to Article 46 of the New York Health Law, the Debtor is regulated by the DFS and the DOH. In addition, as a participant in the Medicare and Medicaid Programs, the Debtor is subject to certification by the United States Department of Health and Human Services’ Centers for Medicare and Medicaid Services.

⁷ One (1) resident has a 100% refundable contract that does not amortize. One hundred and sixty five (165) residents have 85% refundable contracts that amortize at 0.18% per month over a period of eighty four (84) months. Nine (9) residents have 80% refundable contracts that amortize at 2.0% per month over a period of ten (10) months. Five (5) residents have 50% refundable contracts that amortize at 0.60% per month over eighty four (84) months. Finally, seven (7) residents have non-refundable contracts that amortize at 1.20% per month over a period of eighty four (84) months.

III. EVENTS LEADING TO BANKRUPTCY

Harborside was originally scheduled to open in March 2010, but construction delays caused a six-month delay in the opening. The Debtor was forced to fund millions of dollars of interest expense from operations that it was unable to fund from the proceeds of the Bonds, which decreased the level of the Debtor's cash reserves. Since opening in August 2010, the Debtor's financial health has been negatively affected by the recent nation-wide recession and the economic downturn. Specifically, following the 2008 real estate crisis that plagued the nation, large numbers of homeowners were unable to sell their homes without a substantial loss in value. Because individuals interested in residing in a CCRC typically sell their existing homes and use the positive equity value received from the sale to fund the required entrance fees, the extended decline in the real estate market, combined with a decline in the financial markets, left many individuals without the financial resources to pay the entrance fees for CCRCs, including Harborside.

As a result, the Debtor has been unable achieve its originally forecasted independent living occupancy levels and, in response, was forced to implement Entrance Fee payment installment plans and reduce its unit pricing to correspond with decreased home values. The slower fill-up of Harborside's independent living units and the Debtor's necessary sales and marketing responses have, in turn, caused the Debtor to pay its debt on the Series 2007C Bonds at a slower pace than originally projected, resulting in a higher interest expense on the Series 2007C Bonds.

Further, although the Debtor has managed its staffing and non-personnel operating costs in reaction to the slower fill-up of independent living units, the Debtor has incurred significant operating losses as a result of maintaining the minimum levels of staffing required under New York regulations and necessary to provide the services required under the terms of the Residency Agreements. Additionally, a number of the Debtor's expenses, including utilities, employee benefits, and insurance costs, have increased at levels greater than those originally forecasted.

The Debtor's lower than anticipated sales and financial performance caused certain defaults to arise under the 2007 Indenture, the 2007 Installment Sale Agreement, and the Reimbursement Agreement, entitling the Administrative Agent and the 2007 Bond Trustee to exercise certain of their rights and remedies against the Debtor. In response to these defaults, the Debtor and the Administrative Agent entered into, respectively, the Amendment and Waiver Agreement, dated July 27, 2012, and the Second Amendment and Waiver Agreement, dated May 14, 2013, in order to waive certain of the Debtor's defaults and amend various financial and occupancy covenants under the Reimbursement Agreement.

With the Debtor's financial situation failing to improve and it becoming evident that a resolution of the defaults had to occur, in June 2013 the Debtor began negotiations with the 2007 Bond Trustee, an informal committee of bondholders currently holding approximately 72% of the outstanding aggregate principal amount of Series 2007A Bonds (the "**Consenting Series A Bondholders**"), the Administrative Agent, and the other institutions providing financing for the letter of credit on the Series 2007C Bonds, in order to address Harborside's financial difficulties. In connection with these negotiations, the Debtor entered into continuing non-disclosure

agreements with the 2007 Bond Trustee and the Consenting Holders. During the course of this negotiation process, the Debtor provided its regulators with regular updates.

As a result of these preliminary negotiations, and in order to provide additional time to negotiate a long-term solution to the Debtor's financial situation, on December 13, 2013, the Debtor entered into a series of agreements with the 2007 Bond Trustee, the Administrative Agent, and the Issuer, pursuant to which, among other things, the 2007 Bond Trustee and the Administrative Agent agreed to forbear from exercising their remedies arising from the Debtor's defaults and permitted the Debtor to maintain certain levels of operating liquidity while servicing its obligations on the 2007 Bonds, subject to certain budget and reporting requirements. These agreements include (i) the Forbearance Agreement, dated December 13, 2013 (the "**Forbearance Agreement**"), (ii) the Third Amendment to the Reimbursement Agreement, dated December 13, 2013, and (iii) the Third Supplemental Indenture of Trust, dated December 1, 2013.

On March 19, 2014, certain holders of the Series 2007A Bonds purchased all of the outstanding Series 2007C Bonds. In connection with the purchase of the Series 2007C Bonds, the Administrative Agent and the lead arranger and syndication agent under the Reimbursement Agreement assigned all of their rights, title, and interest in the Reimbursement Agreement and related documents to the 2007 Bond Trustee, as custodian for the purchasers of the Series 2007 Bonds. In order to effectuate the purchase of the Series 2007C Bonds, the Debtor consented to a termination of the letter of credit supporting the Series 2007C Bonds through a notice of technical default under the Reimbursement Agreement and a tender of the Series 2007C Bonds by the 2007 Bond Trustee.

Following the purchase of the Series 2007C Bonds by those certain holders (the "**Consenting Series C Bondholders**") and together with the Consenting Series A Bondholders, the "**Consenting Holders**") and in order to facilitate continued restructuring negotiations, the Debtor and the 2007 Bond Trustee reaffirmed the terms of the Forbearance Agreement by executing the Amended and Restated Forbearance Agreement, dated March 21, 2014. Subsequently, and as negotiations progressed, the Debtor and the 2007 Bond Trustee entered into the First Amendment to Amended and Restated Forbearance Agreement, dated March 31, 2014; the Second Amendment to Amended and Restated Forbearance Agreement, dated April 30, 2014; and the Third Amendment to Amended and Restated Forbearance Agreement, dated May 31, 2014.

On July 22, 2014 the Debtor, the 2007 Bond Trustee, and the Consenting Holders entered into a Plan Support Agreement (the "**Plan Support Agreement**"), attached hereto as **Exhibit 4**, which provides for the Consenting Holders' support of the Debtor's proposed Plan on terms consistent with the Restructuring Term Sheet (the "**Restructuring Term Sheet**") attached to the Plan. It is further recognized that all the holders will have an opportunity to review and vote on the Plan.

IV. PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT, AND IMPLEMENTATION OF THE PLAN, AND IS

QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

A. Classification and Treatment of Claims Under the Plan.

The Claims against the Debtor are divided into Classes according to their seniority and other criteria. The Classes of Claims against the Debtor and the funds and other property to be distributed under the Plan are described more fully below.

THE DEBTOR BELIEVES THAT THE PLAN AFFORDS CREDITORS THE POTENTIAL FOR THE GREATEST REALIZATION OF THE VALUE OF THE DEBTOR'S ASSETS.

B. Treatment of Administrative Claims, Priority Tax Claims, and Trustee Fees.

Certain Claims need not be classified under a plan pursuant to the Bankruptcy Code, including Administrative Claims and Priority Tax Claims.

1. Administrative Claims. The Plan defines Administrative Claims as any Claim for payment of costs and expenses of administration pursuant to sections 503(b), 507(a)(2), 507(b), and 1114(e)(2) of the Bankruptcy Code, including: (i) the actual and necessary costs and expenses incurred on or after the Petition Date and through the Effective Date of preserving the Estate and operating the business of the Debtor; (ii) compensation for Accrued Professional Compensation; (iii) all fees and charges assessed against the Estate pursuant to Chapter 123 of Title 28 of the United States Code; and (iv) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Case pursuant to sections 503(b)(3), (4) and (5) of the Bankruptcy Code.

Except as otherwise provided in the Plan, by written agreement of the holder of an Allowed Administrative Claim to accept different treatment than provided under the Plan, or by order of the Bankruptcy Court, a Person holding an Allowed Administrative Claim will receive Cash equal to the unpaid portion of such Allowed Administrative Claim that has come due for payment under any applicable order or law, as soon as practicable after the later of: (i) the third Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; (ii) the date on which such Person becomes the holder of such an Allowed Administrative Claim; or (iii) the date or dates when that Allowed Administrative Claim is payable by its terms, consistent with past practice and in accordance with past terms. The Debtor estimates that there will be approximately \$2,763,636 in Allowed Administrative Claims.

Professionals or other Persons asserting a Claim for Accrued Professional Compensation for services rendered before the Effective Date must file and serve on the Debtor, the Reorganized Debtor, the 2007 Bond Trustee, and such other Persons who are designated by the Bankruptcy Rules, the Confirmation Order, or other order of the Bankruptcy Court, an application for final allowance of such Claim for Accrued Professional Compensation no later than 30 days after the Effective Date. Objections to any Claim for Accrued Professional Compensation must be filed and served on the Reorganized Debtor, the Office of the U.S.

Trustee, the 2007 Bond Trustee, and the requesting party no later than 25 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for final allowance of such Claim for Accrued Professional Compensation was served.

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and section 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor may employ and pay any professional for services rendered or expenses incurred after the Effective Date in the ordinary course of business without any further notice to any party or action, order, or approval of the Bankruptcy Court.

2. Priority Tax Claims. The Plan defines Priority Tax Claims as any Claim of a governmental unit of a kind entitled to priority under section 507(a)(8) of the Bankruptcy Code. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Reorganized Debtor in its sole discretion and in full satisfaction of such Claim, payment in Cash in full on the later of (i) the Effective Date, or as soon as reasonably practicable thereafter as determined by the Disbursing Agent, or (ii) the date such Claim becomes an Allowed Claim. The Debtor estimates that there will be approximately \$25,200 in Priority Tax Claims.

3. U.S. Trustee Fees. U.S. Trustee Fees include all fees and charges assessed against the Debtor's Estate under section 1930 of Title 28 of the United States Code. All U.S. Trustee Fees will be paid in full by the Reorganized Debtor as they become due and owing.

C. Treatment of Classified Claims.

All Claims, except those described in Article IV.B herein, are placed in the following impaired or unimpaired Classes of Claims pursuant to sections 1123(a)(1), 1123(a)(2), and 1123(a)(3) of the Bankruptcy Code, which sections require the Plan to designate such Classes and to specify their impaired or unimpaired status. A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of the Class and is classified in a different Class to the extent that the Claim qualifies within the description of that different Class. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released, withdrawn, waived, or otherwise satisfied under the Plan. Unless the Plan expressly provides otherwise, when a Class includes a subclass, each subclass is a separate Class for all purposes under the Bankruptcy Code, including, without limitation, voting and distribution.

Subject to all other applicable provisions of the Plan (including its distribution provisions), classified Claims shall receive the treatment set forth below. The Plan will not provide any distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, through payment by a third party. Except as specifically provided in the Plan, the Plan will not provide any distributions on account of a Claim for which the obligation to pay has been assumed by a third party.

| Class | Claim | Status | Voting Rights |
|-------|----------------------------|------------|------------------|
| 1 | Other Priority Claims | Unimpaired | Deemed to Accept |
| 2 | Series 2007A/B Bond Claims | Impaired | Entitled to Vote |
| 3 | Series 2007C Bond Claims | Impaired | Entitled to Vote |
| 4 | Other Secured Claims | Unimpaired | Deemed to Accept |
| 5 | General Unsecured Claims | Unimpaired | Deemed to Accept |
| 6 | Subvention Claim | Impaired | Entitled to Vote |
| 7 | Interests in Debtor | Unimpaired | Deemed to Accept |

1. Class 1 — Other Priority Claims. This Class consists of all Allowed Other Priority Claims, if any such Claims still exist as of the Effective Date. Each Allowed Other Priority Claim shall be in a separate subclass. Except to the extent that the holder of an Allowed Other Priority Claim agrees to less favorable treatment, each holder of an Allowed Other Priority Claim will receive, in full and final satisfaction and discharge of and in exchange for each Allowed Other Priority Claim: (i) deferred Cash payments of a value, as of the Effective Date, equal to the holder's Allowed Other Priority Claim, or (ii) payment in Cash in full on the later of: (a) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (b) the third (3rd) Business Day after the date on which such Other Priority Claim becomes an Allowed Claim.

Class 1 is not impaired by the Plan. Each holder of an Other Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. Class 2 — Series 2007A/B Bond Claims. This Class consists of all Series 2007A/B Bond Claims and includes all Claims of the holders of (i) the Series 2007A Bonds, which Claims shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$164,385,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$635,171.84, plus accrued and unpaid interest from the Petition Date to the Effective Date in the approximate amount of \$3,811,031.00; and (ii) the Series 2007B Bonds, which Claims shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$8,500,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$49,335.42, plus accrued and unpaid interest from the Petition Date to the Effective Date in the amount of \$193,375.00. Upon the terms and subject to the conditions set forth in the Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Series 2007A/B Bond Claim:

- Each holder of an outstanding Series 2007A Bond or outstanding Series 2007B Bond shall exchange the then outstanding Series 2007A Bond or Series 2007B Bond for (i) its *pro rata* share of the principal amount of the Series 2014A Bonds in the aggregate principal amount of \$129,663,750 allocated to that respective maturity as further set out in Schedule A attached to the Plan; and (ii) its *pro rata* share of the principal amount of the Series 2014C Bonds in the aggregate

principal amount of \$47,225,656 (inclusive of interest from the Petition Date through the Effective Date as set forth in Section 4.3.3 of the Plan).

- Each holder of an outstanding Series 2007A Bond or outstanding Series 2007B Bond shall also receive payment in full in Cash on account of its allocable share of accrued and unpaid interest on the Series 2007A Bonds or Series 2007B Bonds, as applicable, through the date immediately preceding the Petition Date, which payment shall be made as of the Distribution Date.

Class 2 is impaired by the Plan. Each holder of a Series 2007A/B Bond Claim is entitled to vote to accept or reject the Plan.

3. Class 3 — Series 2007C Bond Claims. This Class consists of all Series 2007C Bond Claims and includes all Claims of the holders of the Series 2007C Bonds, which shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$47,685,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$1,012,489.73, plus accrued and unpaid interest from the Petition Date to the Effective Date in the amount of \$984,695. Upon the terms and subject to the conditions set forth in the Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Series 2007C Bond Claim:

- Each holder of an outstanding Series 2007C Bond shall exchange the then outstanding Series 2007C Bond for a *pro rata* share of:
 - Series 2014A Bonds in the aggregate principal amount of \$11,921,250;
 - Series 2014B Bonds in the aggregate principal amount of \$23,842,500; and
 - Series 2014C Bonds in the aggregate principal amount of \$12,905,945 (which amount shall include interest from the Petition Date through the Effective Date, as set forth in Section 4.3.3 of the Plan).

Each holder of an outstanding Series 2007C Bond shall also receive payment in full in Cash on account of its allocable share of accrued and unpaid interest (based upon the contractual rate of interest of 10% per annum) on the Series 2007C Bonds through the date immediately preceding the Petition Date, which payment shall be made as of the Distribution Date.

Class 3 is impaired by the Plan. Each holder of a Series 2007C Bond Claim is entitled to vote to accept or reject the Plan.

4. Class 4 — Other Secured Claims. This Class consists of all Other Secured Claims. Except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon as practicable thereafter, each holder of an Allowed Other

Secured Claim shall have its Other Secured Claim reinstated and the legal, equitable, and contractual rights to which the holder of such Claim is entitled shall otherwise be unaltered in accordance with section 1124 of the Bankruptcy Code. For the avoidance of doubt, this Class 4 includes the PILOT Claim.

Class 4 is not impaired by the Plan. Each holder of an Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

5. Class 5 — General Unsecured Claims. This Class consists of all General Unsecured Claims. Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each General Unsecured Claim, each holder of an Allowed General Unsecured Claim will receive payment in full in Cash of the unpaid portion of such Allowed General Unsecured Claim on the latest of (i) the third (3rd) Business Day after the Effective Date or as soon as practicable thereafter as determined by the Disbursing Agent, (ii) the third (3rd) Business Day after the date on which such General Unsecured Claim becomes an Allowed Claim, (iii) the date such Allowed General Unsecured Claim becomes due and payable in the ordinary course of business, or (iv) as otherwise agreed to by the Debtor and the holder of such General Unsecured Claim, and the Plan shall otherwise leave unaltered the legal, equitable, and contractual rights to which the holder of such General Unsecured Claim is entitled; provided, however, that the Debtor may seek authority from the Bankruptcy Court to pay certain General Unsecured Claims in advance of the Effective Date in the ordinary course of business. The Debtor reserves its right, however, to dispute the validity of any General Unsecured Claim, whether or not objected to prior to the Effective Date.

Class 5 is not impaired by the Plan. Each holder of a General Unsecured Claim is deemed to accept the Plan and is not entitled to vote to accept or reject the Plan.

6. Class 6 — Subvention Claim. This Class consists of the Subvention Claim. On or after the Effective Date, holders of Claims in this Class shall: (i) receive no distribution on account of the Subvention Claim, (ii) enter into the Subordination Agreement, and (iii) retain the Subvention Claim as a claim against the Reorganized Debtor on the terms set forth in the Subvention Certificate.

Class 6 is impaired by the Plan. The holder of the Subvention Claim is entitled to vote to accept or reject the Plan.

7. Class 7 — Interests in Debtor. On the Effective Date, ACCHS will retain all membership interests in the Reorganized Debtor and will enter into a reasonable agreement with the 2014 Bond Trustee and the Reorganized Debtor providing that neither ACCHS nor the Reorganized Debtor shall engage in any conduct within the Primary Market Area or Secondary Market Area of Harborside that competes with the sales efforts of Harborside.

Class 7 is not impaired by the Plan. Each holder of an Interest in the Debtor is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

D. Acceptance Requirements.

1. Acceptance or Rejection of the Plan. Classes 2, 3, and 6 are impaired under the Plan and are entitled to vote to accept or reject the Plan. A class of creditors is deemed to accept a plan if the holders of at least two-thirds in dollar amount, and more than one-half in number, of those creditors that actually cast ballots, vote to accept such plan. A class of interest holders is deemed to accept a plan if the holders of at least two-thirds in amount of those interest holders that actually cast ballots, vote to accept such plan. Classes 1, 4, 5, and 7 are not impaired under the Plan and are, therefore, conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

2. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code. Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of confirmation by acceptance of the Plan by an impaired Class of Claims. The Debtor shall seek confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Classes of Claims. The Debtor reserves the right to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires such modification.

E. Means for Implementation of the Plan.

1. Sources of Consideration. Cash consideration necessary for the Reorganized Debtor to make payments or distributions pursuant to the Plan shall be obtained from the Entrance Fee Fund and the Operating Reserve Fund, all other unrestricted Cash available to the Reorganized Debtor as of the Effective Date, and Cash derived from the Reorganized Debtor's business operations.

2. Cancellation of 2007 Bonds. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, the 2007 Bonds shall be cancelled, and the 2007 Bonds and related 2007 Bond Documents shall continue in effect solely to the extent they relate to and are necessary to (i) allow for the applicable distributions pursuant to the Plan, (ii) permit the 2007 Bond Trustee and the Issuer to be compensated for fees and reimbursed for expenses including expenses of its professionals, assert its charging lien, enforce its indemnity and other rights and protections with respect to and pursuant to the 2007 Bond Documents, (iii) permit the 2007 Bond Trustee to set one or more record dates and distributions dates with respect to the distribution of funds to beneficial holders of the 2007 Bonds, as applicable, (iv) permit the Bond Trustee to appear in the Chapter 11 Case, and (v) permit the 2007 Bond Trustee and the Issuer to perform any functions that are necessary in connection with the foregoing clauses (i) through (iv).

3. Issuance of 2014 Bonds. On the Effective Date, the Issuer will issue the 2014 Bonds in accordance with the terms of the Plan and pursuant to the 2014 Bond Indenture.

The Series 2014A Bonds shall be issued as current paying bonds with an aggregate principal amount of \$141,585,000. The Series 2014A Bonds shall bear interest at and have maturities in the years and in principal amounts as set forth on Schedule A attached to the Plan, with a maturity date of 35 years. The Series 2014A Bonds shall further be subject to

optional and mandatory redemption as set forth in the 2014 Bond Indenture. Interest on the Series 2014A Bonds shall be payable semiannually following the Effective Date and principal shall be paid as set forth in the 2014 Bond Indenture.

The Series 2014B Bonds shall be issued as current paying bonds with an aggregate principal amount of \$23,842,500. The Series 2014B Bonds shall bear interest at 5.5%, payable semiannually, and shall mature on July 1, 2020. The Series 2014B Bonds shall be subject to optional and mandatory redemption as set forth in the 2014 Bond Indenture.

The Series 2014C Bonds shall be issued in the aggregate principal amount of \$55,142,500, plus interest accrued on the 2007 Bonds from the Petition Date through the Effective Date at the rate equal to (i) in connection with the Series 2007A Bonds and Series 2007B Bonds at the proposed corresponding rate of interest accruing under the Series 2014A Bonds; and (ii) in connection with the Series 2007C Bonds at the rate of 5.9% per annum, all as further set out in Schedule A, attached to the Plan. The Series 2014C Bonds shall bear interest at 2%, payable semiannually, but only to the extent of Excess Cash, in accordance with the Distribution Waterfall under the 2014 Bond Indenture, applied first to accrued interest, then to principal. The Series 2014C Bonds shall mature on January 1, 2049.

The Series 2014A Bonds and the Series 2014B Bonds will be *pari passu*, secured by a Lien on all assets of Amsterdam except that the 2014B Bonds will have a first Lien against the Entrance Fees and the Series 2014A Bonds will have a second Lien against Entrance Fees. Each of the Series 2014A Bonds and Series 2014B Bonds will be senior to the Series 2014C Bonds in repayment and security, *provided, however*, that the Lien securing the Series 2014A Bonds and the Series 2014B Bonds will be junior only to the Lien of the PILOT Mortgage, which will remain in effect after the Effective Date. The Series 2014C Bonds shall be secured by a Lien on all assets of Amsterdam, junior to the Lien of the PILOT Mortgage and the Liens securing the Series 2014A Bonds and the Series 2014B Bonds.

In connection with the foregoing matters, on the Effective Date, the Issuer, the Debtor, and the 2014 Bond Trustee, as applicable, will enter into the 2014 Bond Documents, including the 2014 Bond Indenture, the 2014 Installment Sale Agreement, and the 2014 Mortgage. The 2007 Bond Trustee shall transfer substantially all funds and accounts created or maintained under or pursuant to the 2007 Indenture in accordance with the 2014 Bond Documents and the Plan.

Upon the Effective Date, the deposits in the Entrance Fee Fund, together with (x) the balances as of the Effective Date of the Debtor's operating accounts and of the Operating Reserve Fund and (y) revenues and other income of the Debtor available on the Effective Date, shall be applied in the following order of priority to the extent of available funds: (i) to pay any Refunds due and owing; (ii) to pay all professional fees and expenses, and all other reasonable fees and expenses, incurred in connection with the Restructuring Transaction (including, without limitation, any costs associated with obtaining opinions from bond counsel) subject to an agreed upon budget (approximately \$1,210,000); (iii) to pay interest on the Series 2007 Bonds accrued and unpaid through the date immediately preceding the Petition Date (approximately \$1,696,997 assuming a July 22, 2014 Petition Date); (iv) to fund the Operating Reserve Fund in an amount equal to approximately 130 Days Cash on Hand (approximately \$11.1 million); (v) to fund the

Unrestricted Reserve Amount in an amount equal to approximately 45 Days Cash on Hand (approximately \$3.9 million); and (vi) to fund the Debt Service Reserve Fund up to the initial Debt Service Reserve Fund Requirement (approximately \$10,950,000).

Additional terms and conditions with respect to the 2014 Bonds are set forth in the Restructuring Term Sheet and in the 2014 Bond Documents. To the extent of any inconsistencies between the Restructuring Term Sheet and the 2014 Bond Documents, the 2014 Bond Documents shall govern the respective rights and obligations of the parties.

4. Section 1145 Exemption. Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the 2014 Bonds shall be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act of 1933 (as now in effect or hereafter amended) and any other applicable state or federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution, or sale of securities. Any person who solicits or participates in the offer, issuance, sale, or purchase of the 2014 Bonds issued under, or in accordance with, the Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, is not liable, on account of such solicitation or participation, for violation of an applicable law, rule, or regulation governing solicitation of acceptance or rejection of the Plan or the offer, issuance, sale, or purchase of securities pursuant thereto.

5. Advisory Services Agreements. On or before the Effective Date, the Reorganized Debtor will (i) assume the Administrative Services Agreement and simultaneously enter into the amendments thereto, resulting in the Amended and Assumed Administrative Services Agreement, (ii) assume the Marketing and Development Advisory Services Agreement and enter into the amendments thereto, (iii) enter into the New Financial Services Advisory Agreement, and (iv) enter into the New Marketing Services Advisory Agreement.

6. Assumption of Residency Agreements. On the Effective Date, the Reorganized Debtor will assume all of the Residency Agreements in their entirety.

7. Reorganized Debtor's Board of Directors. The existing members of the Board of Directors of the Debtor will continue to be members of the Board of Directors of the Reorganized Debtor. The Board of Directors of the Debtor consists of Lawrence B. Thompson, Esq.; James J. Campbell; Isabel M. Carden; Joseph C. Hoopes, Jr.; Jay H. McDowell, Esq.; Frances R. Olivieri; The Reverend Deacon Frank L. Peterson, Jr.; The Reverend James G. Callaway, Jr.; George L. Van Amson; Dr. Karen M. Hopkins, M.D.; and R. Scott Edmonds.

8. Officers of the Reorganized Debtor. The existing officers of the Debtor will continue to be officers of the Reorganized Debtor. Such officers will serve in accordance with applicable non-bankruptcy law. The existing officers of the Debtor include James Davis (President & CEO); Joseph C. Hoopes, Jr. (Treasurer); and Jay H. McDowell (Secretary).

9. Employee Benefits. Except as otherwise provided under the Plan, on and after the Effective Date, the Reorganized Debtor may: (i) honor, in the ordinary course of business, any contracts, agreements, policies, programs, and plans for, among other things, compensation, health care benefits, disability benefits, deferred compensation benefits, travel

benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance, for the directors, officers, and employees of the Debtor who served in such capacity at any time, and (ii) honor, in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time arising before the Petition Date; provided, however, that the Debtor's or the Reorganized Debtor's performance under any employment agreement will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Effective Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program, or plan. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtor's or the Debtor's defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans.

10. Vesting of Assets in the Reorganized Debtor. Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date, or as soon as practicable thereafter, all property of the Debtor's Estate and all Causes of Action of the Debtor (except those released pursuant to the Releases by the Debtor) shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances (except for Liens securing the 2014 Bonds or the PILOT Agreement). On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

11. Restructuring Transactions. On the Effective Date or as soon as reasonably practicable thereafter, the Debtor and the Reorganized Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Persons may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms to which the applicable Persons agree; (iii) the filing of appropriate certificates or articles of incorporation or amendments thereof, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; and (iv) all other actions that the applicable Persons determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

12. Corporate Action. Upon the Effective Date, all actions contemplated by the Plan (whether to occur before, on, or after the Effective Date) shall be deemed authorized and approved in all respects, and all matters provided for in the Plan involving the corporate structure of the Debtor or the Reorganized Debtor and any corporate action required by the Debtor or the Reorganized Debtor in connection with the Plan, will be deemed to have occurred and shall be in effect, without any requirement of further action by the directors or officers of the Debtor or the Reorganized Debtor.

On or (as applicable) before the Effective Date, the appropriate officers of the Debtor or the Reorganized Debtor, as applicable, will be authorized and directed to issue, execute, and deliver the agreements, documents, securities, certificates of incorporation, operating agreements, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Debtor or the Reorganized Debtor, as the case may be, and any and all other agreements, documents, securities, and instruments relating to the foregoing.

13. Section 1146 Exemption from Certain Taxes and Fees. Pursuant to section 1146(a) of the Bankruptcy Code, any transfer of property and any issuance, transfer, or exchange of a security in connection with or pursuant to the Plan shall not be subject to any stamp, mortgage recording, or other similar tax, charge, or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax, charge, or governmental assessment and, as applicable, to accept for filing and recordation instruments or other documents pursuant to such transfer of property or to permit the issuance, transfer, or exchange of a security without the payment of any such tax, charge, or governmental assessment. Such exemption specifically applies, without limitation, to (i) the creation and recordation of any mortgage, deed of trust, lien, or other security interest; (ii) the making or assignment of any lease or sublease; (iii) any restructuring transaction authorized by the Plan, including, without limitation, the issuance by the Issuer of the 2014 Bonds; or (iv) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; or (d) assignments executed in connection with any transaction occurring under the Plan.

14. Preservation of Causes of Action of the Debtor. In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, the Exculpated Claims against the Exculpated Parties and the Debtor Released Claims against the Released Parties), the Reorganized Debtor shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtor's right to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtor may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor. No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against such Person as any indication that the Debtor or the Reorganized Debtor, as applicable, will not pursue any and all available Causes of Action against such Person. Except with respect to Causes of Action as to which the Debtor or the Reorganized Debtor has released any Person on or before the Effective Date (including pursuant to the Releases by the Debtor or otherwise), the Debtor or the Reorganized Debtor, as applicable, expressly reserves all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by an order of the Bankruptcy Court, the Reorganized Debtor expressly reserves all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel

(judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of the Plan. As set forth in Article VI.B below, the Plan provides a release of claims and Causes of Action against the 2007 Bond Trustee and the Consenting Holders.

F. Treatment of Executory Contracts and Unexpired Leases.

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

Except as otherwise provided in the Plan or in an order of the Bankruptcy Court, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, each of the Executory Contracts and Unexpired Leases of the Debtor will be deemed assumed as of the Effective Date, unless such Executory Contract or Unexpired Lease: (i) was assumed or rejected previously by the Debtor; (ii) expired or terminated pursuant to its own terms before the Effective Date; (iii) is the subject of a motion to reject filed on or before the Effective Date; or (iv) is identified as an Executory Contract or Unexpired Lease to be rejected in the Plan Supplement filed on or before the Effective Date.

Notwithstanding anything contained in the Plan to the contrary, each Residency Agreement, and all obligations arising thereunder, including the repayment of Initial Entrance Fees, Turnover Entrance Fees, and all other entrance deposits and fees, will be assumed by the Reorganized Debtor, as of the Effective Date, pursuant to the Plan.

Entry of the Confirmation Order will constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall vest in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in the Plan, the Debtor or the Reorganized Debtor, as applicable, reserves the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Reorganized Debtor shall have the right to terminate, amend, or modify any contracts, leases, or other agreements without approval of the Bankruptcy Court, subject to the terms thereof.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court within 30 days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; **provided, that** any such Claims arising from the rejection of an Unexpired Lease shall be subject to the cap on rejection damages imposed by section 502(b)(6) of the Bankruptcy Code. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed and forever barred from assertion, and shall not be enforceable against the Debtor, the Reorganized Debtor, the Estate, or its property, without the need for any objection by the Debtor or the Reorganized

Debtor or further notice to, action by, or order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases will be classified as Class 5 General Unsecured Claims and shall be treated in accordance with the Plan.

3. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

Any monetary amounts by which any Executory Contract or Unexpired Lease to be assumed under the Plan is in default will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by Cure. If there is a dispute regarding (i) the nature or amount of any Cure; (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (iii) any other matter pertaining to assumption, Cure will occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full waiver, release, and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting change in control or ownership interest composition and other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of the assumption.

4. Insurance Policies. Notwithstanding anything in the Plan to the contrary, as of the Effective Date, the Debtor will assume (and assign to the Reorganized Debtor if necessary to continue the Insurance Policies in full force) all of the Insurance Policies pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtor's foregoing assumption and assignment of each of the Insurance Policies.

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements. Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed will include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case will not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtor.

6. Reservation of Rights. Nothing contained in the Plan or the Plan Supplement will constitute an admission by the Debtor that any contract or lease is in fact an

Executory Contract or Unexpired Lease or that the Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor or the Reorganized Debtor, as applicable, will have 45 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

7. Contracts and Leases Entered Into After the Petition Date.

Notwithstanding any other provision in the Plan, contracts and leases entered into after the Petition Date by the Debtor, including any Executory Contracts and Unexpired Leases assumed by the Debtor, will be performed by the Debtor or the Reorganized Debtor in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

G. Provisions Governing Distributions.

1. Timing and Calculation of Amounts to Be Distributed. Except as otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtor shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in the Plan. Except as otherwise provided for in the Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for under the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

2. Disbursing Agent. Except as otherwise provided in the Plan, all distributions under the Plan shall be made by the Reorganized Debtor as Disbursing Agent or such other Person designated by the Reorganized Debtor as a Disbursing Agent. With respect to the issuance of the 2014 Bonds, such bonds shall be deemed issued and exchanged as of the Effective Date without presentment by the beneficial owners. The Distribution Record Date in connection with the holders of the 2014 Bonds shall be as early as practicable so as to enable the Debtor, the Issuer, and their respective agents to comply with the customary practices and procedures of the Depository Trust Company. All Cash distributions to be made to beneficial holders of the 2007 Bonds shall be made to the 2007 Bond Trustee, which shall make such distributions to the beneficial holders of the 2007 Bonds in accordance with the terms of the 2007 Indenture.

3. Rights and Powers of Disbursing Agent. The Disbursing Agent will be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (ii) make all distributions contemplated thereby; (iii) employ professionals to represent it with respect to its

responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

4. Payments and Distributions on Disputed Claims. Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but that later become Allowed Claims will be deemed to have been made on the Effective Date.

5. Special Rules for Distributions to Holders of Disputed Claims. Notwithstanding any other provision in the Plan and except as may be agreed to by the Debtor or the Reorganized Debtor, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions will be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6. Delivery of Distributions in General. Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Disbursing Agent. Distributions to holders of Allowed Claims will be made at the address of each such holder as set forth in the Debtor's books and records, except that, in the case of holders of the 2007 Bonds, distributions will be made by means of book-entry exchange through the facilities of the DTC in accordance with the customary practices of the DTC, as and to the extent practicable. Distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each holder of an Allowed Claim will have and receive the benefit of the distributions in the manner set forth in the Plan. None of the Debtor, the Reorganized Debtor, or the applicable Disbursing Agent shall incur any liability whatsoever on account of any distributions under the Plan except for gross negligence, willful misconduct, or fraud.

7. Undeliverable Distributions and Unclaimed Property. In the event that any distribution to any holder is returned as undeliverable, the Disbursing Agent shall use reasonable efforts to determine the current address of such holder. No distribution to such holder shall be made unless and until the Disbursing Agent has determined such holder's then current address, at which time such distribution shall be made as soon as practicable; *provided, however,* that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of six months from the Distribution Date. After such date, all "unclaimed property" or interests in property shall revert to the Reorganized Debtor (notwithstanding any applicable federal or state escheat or abandoned or unclaimed property laws to the contrary), and the Claim of any holder to such property shall be discharged and forever barred.

8. Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith, the Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

9. Setoffs. Except as otherwise provided in the Plan and subject to applicable law, the Debtor may, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, setoff against any Allowed Claim (which setoff shall be made against the Allowed Claim, not against any distributions to be made under the Plan with respect to such Allowed Claim), any claims, rights, and Causes of Action of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such holder have not been otherwise released, waived, relinquished, exculpated, compromised, or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise), and any distribution to which a holder is entitled under the Plan shall be made on account of the Claim, as reduced after application of the setoff described above. In no event shall any holder of a Claim be entitled to setoff any Claim against any claim, right, or Cause of Action of the Debtor unless such holder obtains entry of a Final Order entered by the Bankruptcy Court authorizing such setoff or unless such setoff is otherwise agreed to in writing by the Debtor and a holder of a Claim; *provided, that*, where there is no written agreement between the Debtor and a holder of a Claim authorizing such setoff, nothing herein shall prejudice or be deemed to have prejudiced the Debtor's right to assert that any holder's setoff rights were required to have been asserted by motion to the Bankruptcy Court prior to the Effective Date. This Article IV.G.9 does not apply to the distributions to be made to or for the benefit of the beneficial holders of the 2007 Bonds.

10. Insurance Claims. No distributions under the Plan shall be made on account of an Allowed Claim until the holder of such Allowed Claim has exhausted all remedies with respect to the Debtor's Insurance Policies. To the extent that one or more of the Debtor's insurers agrees to satisfy in full a Claim, then immediately upon such agreement, such Claim may be expunged without an objection to such Claim having to be filed and without any further notice to, action by, or order or approval of the Bankruptcy Court.

11. Applicability of Insurance Policies. Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be made in accordance with the provisions of any applicable Insurance Policy. Except as expressly provided in the Plan, nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtor or any Person may hold against any other Person, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

12. Allocation of Distributions Between Principal and Unpaid Interest. With the exception of distributions on account of the 2007 Bonds, which shall be treated as provided in Classes 2 and 3 under the Plan, to the extent that any Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, for U.S. federal income tax purposes, be allocated on the Debtor's books and records to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the accrued but unpaid interest.

13. Interest on Claims. Unless otherwise specifically provided for in the Plan (including interest payable under the 2007 Bonds), postpetition interest will not accrue or be paid on Claims, and no Claim holder will be entitled to interest accruing on or after the Petition Date on any Claim. Similarly, unless otherwise specifically provided for in the Plan, postpetition

interest will not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

H. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims.

1. Prosecution of Objections to Claims. The Debtor or the Reorganized Debtor, as applicable, shall have the exclusive authority to file, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under the Plan. From and after the Effective Date, the Reorganized Debtor may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Reorganized Debtor reserves all rights to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

2. Allowance of Claims. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), the Reorganized Debtor after the Effective Date will have and retain any and all rights and defenses held by the Debtor with respect to any Claim as of the Petition Date. All Claims of any Person against the Debtor shall be disallowed unless and until such Person pays, in full, the amount it owes the Debtor. This Article IV.H.2 does not apply to the 2007 Bond Trustee or the beneficial holders of the 2007 Bonds.

3. Distributions After Allowance. As soon as practicable following the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan, without any interest to be paid on account of such Claim.

4. Estimation of Claims. The Debtor (before the Effective Date) or the Reorganized Debtor (on or after the Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Person, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor or the Reorganized Debtor, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

I. Conditions Precedent to the Effective Date.

1. **Conditions Precedent to the Effective Date.** It shall be a condition precedent to the Effective Date that each of the following provisions, terms, and conditions shall have been satisfied or waived pursuant to the provisions of the Plan.

- (a) The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Debtor and the 2007 Bond Trustee, which Confirmation Order shall not be subject to any stay and shall be a Final Order, and which Confirmation Order shall include or provide, among other things:
 - (1) a finding by the Bankruptcy Court that the Series 2014 Bonds to be issued on the Effective Date will be authorized and exempt from registration under the applicable securities law pursuant to section 1145 of the Bankruptcy Code;
 - (2) all provisions, terms and conditions of the Plan and related documents are approved; and
 - (3) all Executory Contracts or Unexpired Leases assumed by the Debtor during the Chapter 11 Case including under the Plan shall remain in full force and effect for the benefit of the Reorganized Debtor or its assignee notwithstanding any provision in such contract or lease (including those described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables, permits, or requires termination of such contract or lease;
- (b) The Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement as containing adequate information within the meaning of section 1125 of the Bankruptcy Code;
- (c) The 2014 Bonds shall be issued;
- (d) In connection with issuance of the 2014 Bonds, the 2014 Bond Trustee shall have received a satisfactory opinion of bond counsel that the interest on the 2014 Bonds will be excluded from gross income for federal tax purposes;
- (e) A Trigger Date (as defined in the Escrow Agreement) shall have occurred, and the Escrowed Funds (as defined in the Escrow Agreement) shall have been released into the Entrance Fee Fund pursuant to the terms of the Escrow Agreement;
- (f) The Plan and all Plan Supplement documents, including any amendments, modifications, or supplements thereto, shall be in form and substance acceptable to the 2007 Bond Trustee;

- (g) All payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtor shall have sufficient Cash on such date to make such payments;
- (h) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained;
- (i) All other actions, documents, and agreements necessary to implement the Plan shall be in form and substance acceptable to the 2007 Bond Trustee and shall have been effected or executed; and
- (j) The Effective Date shall be on or before November 28, 2014.

2. Waiver of Conditions. The conditions to the Effective Date set forth herein may be waived at any time by the Debtor (except for (i) the Confirmation Order being satisfactory to the 2007 Bond Trustee, (ii) the issuance of the 2014 Bonds, (iii) the bond counsel opinion referred to in (d) above, (iv) the condition that the aforementioned documents and orders be reasonably acceptable to the 2007 Bond Trustee, and (v) the Effective Date shall be on or before November 28, 2014); provided, however, that the Debtor may not waive entry of an order or orders approving the Disclosure Statement and confirming the Plan.

3. Effect of Failure of Conditions. If the Effective Date does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (i) constitute a waiver or release of any claims by or Claims against the Debtor; (ii) prejudice in any manner the rights of the Debtor, any holders of Claims, or any other Person; or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Debtor, any holders, or any other Person in any respect.

J. Modification, Revocation, or Withdrawal of the Plan.

1. Modification and Amendments. Except as otherwise specifically provided in the Plan, the Debtor reserves the right to modify the Plan as to material terms and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on the modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Federal Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtor expressly reserves its right to alter, amend, or modify materially the Plan one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan, provided, however, that, except with the prior written consent of each of the 2007 Bond Trustee and the Consenting Holders, the Debtor may not alter, amend, or modify the Plan in any manner that (i) alters or affects the rights or interests of the 2007 Bond Trustee or the holders of the 2007 Bonds, (ii) alters or affects the treatment of the Series 2007A/B Bond Claims or the Series 2007C Bond Claims under the Plan, (iii) alters or affects the terms or characteristics of the 2014 Bonds as set forth in the Plan prior to such alteration, amendment, or modification, or (iv) is inconsistent with the terms of the Plan Support Agreement. Any such modification or

supplement shall be considered a modification of the Plan and shall be made in accordance with the Plan. For the avoidance of doubt, nothing in the Plan shall be deemed to supplant or supersede the requirements of Federal Bankruptcy Rule 3019.

2. Effect of Confirmation on Modifications. Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Federal Bankruptcy Rule 3019.

3. Revocation or Withdrawal of the Plan. The Debtor reserves the right to, consistent with its fiduciary duties, revoke or withdraw the Plan before the Effective Date. If the Debtor revokes or withdraws the Plan, or if confirmation does not occur, then: (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), the assumption or rejection of any Executory Contract or Unexpired Lease effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (iii) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtor or any other Person; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtor or any other Person.

K. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case and all matters, arising out of or related to, the Chapter 11 Case and the Plan, including jurisdiction to:

- (a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- (b) decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- (c) resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which the Debtor is party or with respect to which the Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including rejection Claims, cure Claims pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease

that is assumed, (iii) the Reorganized Debtor amending, modifying, or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected, and (iv) any dispute regarding whether a contract or lease is or was executory or unexpired;

- (d) ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- (e) adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;
- (f) adjudicate, decide, or resolve any and all matters related to any Cause of Action;
- (g) adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
- (h) enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;
- (i) resolve any avoidance or recovery actions under sections 105, 502(d), 542 through 551, and 553 of the Bankruptcy Code;
- (j) resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation of the Plan or any Person's obligations incurred in connection with the Plan (exclusive of the obligations arising under the 2014 Bonds);
- (k) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;
- (l) resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the discharge, releases, injunctions, exculpations, indemnifications, and other provisions contained in the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- (m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- (n) adjudicate any and all disputes arising from or relating to distributions under the Plan;

- (o) consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- (p) determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;
- (q) hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan (exclusive of those documents relating to the 2014 Bonds);
- (r) hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (s) hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;
- (t) enforce all orders previously entered by the Bankruptcy Court;
- (u) hear any other matter not inconsistent with the Bankruptcy Code; and
- (v) enter an order concluding or closing the Chapter 11 Case.

L. Miscellaneous Provisions.

1. Immediate Binding Effect. Notwithstanding Federal Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Federal Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor, and any and all holders of Claims or Interests (irrespective of whether such holders of Claims or Interests are deemed to have accepted the Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, exculpation, discharges, and injunctions described in the Plan, each Person acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor.

2. Additional Documents. On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, subject to the consent of the 2007 Bond Trustee. The Debtor or the Reorganized Debtor, as applicable, and all holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Dissolution of Any Committees. On the Effective Date, Committees, if any, shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Case.

4. Reservation of Rights. Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the Plan, any statement or provision contained in the Plan, or any action taken or not taken by the Debtor or other Person with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor or other Person with respect to the holders of Claims or Interests before the Effective Date.

5. Successors and Assigns. The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiary, or guardian, if any, of such Person.

6. Votes Solicited in Good Faith. Upon entry of the Confirmation Order, the Debtor will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtor and its respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the 2014 Bonds offered under the Plan.

7. Closing of Chapter 11 Case. The Debtor or the Reorganized Debtor shall, promptly after the full administration of the Chapter 11 Case, file with the Bankruptcy Court all documents required by Federal Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Case.

V. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN OF REORGANIZATION

In order to become effective, the Plan must be approved by the Bankruptcy Court after a confirmation hearing.

A. Elements of Confirmation.

In order for the Plan to be confirmed, the Bankruptcy Code requires the Bankruptcy Court to determine that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. Among other things, the Bankruptcy Code requires that: (i) the Plan be in the “best interests” of Creditors (that is, impaired Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under chapter 7 of the Bankruptcy Code); (ii) the Plan be feasible (that is, there is a reasonable probability that the Debtor will be able to perform its obligations under the Plan without needing further financial

reorganization not contemplated by the Plan); and (iii) the Plan be accepted by a sufficient number of Classes.

B. Best Interests of Creditors.

With respect to each impaired Class of Claims, confirmation of the Plan requires that each holder of a Claim either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. To calculate the probable distribution to holders of each impaired Class of Claims if the Debtor were liquidated under chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtor's assets if the Chapter 11 Case were converted to a case under chapter 7 of the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the Debtor's assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral, and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both a chapter 7 liquidation and the Chapter 11 Case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the 2007 Bond Trustee; asset disposition expenses; all unpaid expenses incurred by the Debtor in its Chapter 11 Case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 case; litigation costs; and claims arising from the operations of the Debtor during the pendency of the Chapter 11 Case. The liquidation itself could trigger certain Tax and Other Priority Claims (collectively, "**Priority Claims**"). Those Priority Claims would be paid in full from the liquidation proceeds before the balance would be made available to pay General Unsecured Claims. The liquidation would also prompt the rejection of most, if not all, of the Debtor's Executory Contracts and Unexpired Leases, thereby creating a significant increase in General Unsecured Claims.

The Debtor believes that the Plan meets the "best interests of creditors" test of section 1129(a)(7) of the Bankruptcy Code. The Debtor believes that the members of impaired Classes 2, 3, and 6 will receive as much or more under the Plan as they would receive in a liquidation. The liquidation analysis (the "**Liquidation Analysis**") for a potential chapter 7 liquidation scenario is attached hereto as **Exhibit 2**.

C. Feasibility of the Plan.

The Bankruptcy Code requires the Bankruptcy Court to determine that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. For purposes of showing that the Plan meets this feasibility requirement, the Debtor has analyzed the ability of the Reorganized Debtor to (i) meet its obligations under the Plan and (ii) retain sufficient liquidity and capital resources to conduct its business.

The Debtor believes that it will be able to support the financial projections set forth in **Exhibit 3** to this Disclosure Statement (the "**Projections**"). Based on the terms of the

Plan, at emergence from bankruptcy, the Reorganized Debtor will have access to funds in the amount of \$5,200,000 after making distributions pursuant to the Plan.

Holders of Claims against the Debtor are advised, however, that the Projections were not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants or any other regulatory or professional agency or body or generally accepted accounting principles.

In addition to the assumptions footnoted in the Projections themselves, the Projections also assume that (i) the Plan will be confirmed and consummated in accordance with its terms, (ii) there will be no material adverse change in legislation or regulations, or the administration thereof, that will have an unexpected effect on the operations of the Reorganized Debtor, (iii) there will be no change in United States generally accepted accounting principles that will have a material effect on the reported financial results of the Reorganized Debtor, and (iv) there will be no material contingent or unliquidated litigation or indemnity claims applicable to the Reorganized Debtor. To the extent the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and considered reasonable by the Debtor when taken as a whole, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtor.

Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized, and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. The Projections should therefore not be regarded as a representation by the Debtor or any other person that the results set forth in the Projections will be achieved. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections.

The Debtor does not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtor does not intend to update or revise the Projections to reflect changes in general economic or industry conditions. Whether actual results will conform to the Projections is subject to a number of risks and uncertainties, including but not limited to: the Debtor's ability to improve profitability and generate positive operating cash flow; the Debtor's ability to sustain sales increases; the Debtor's ability to increase capital expenditures in the future; the Debtor's ability to implement effective pricing and promotional programs; the Debtor's ability to successfully implement effective business continuity; changes in federal, state, or local laws or regulations; general economic conditions in the Debtor's operating region; stability of product costs; increases in labor and employee benefit costs, such as health care and pension expenses; or changes in accounting standards and taxation requirements.

D. Sufficient Acceptances.

Under section 1129(a) of the Bankruptcy Code, a plan of reorganization may be confirmed only if all impaired classes of claims accept the plan. Section 1129(b) of the Bankruptcy Code provides that a plan of reorganization may be confirmed even if such plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted the plan and a number of other requirements have been met. These additional requirements under section 1129(b) include (i) the requirement that the plan “not discriminate unfairly” and (ii) the requirement that the plan be “fair and equitable” with respect to each impaired class that has not accepted the plan.

Generally, a plan does not discriminate unfairly with respect to a dissenting class if the dissenting class does not receive treatment less favorable than the treatment afforded to other classes of equal rank. The Debtor believes that the classification of Claims under the Plan does not discriminate unfairly against any Class.

In order for a plan to be “fair and equitable” with respect to a class of secured claims, the plan must provide (i) that the holders of such claims shall retain the liens securing their claims to the extent of the allowed amount of such claims, and must further provide (ii) either (a) that each holder of a claim of such class shall receive on account of its claim deferred cash payments totaling at least the allowed amount of its claim, of a value, as of the effective date of the plan, of at least the value of such holder’s interest in the estate’s interest in the property securing the holder’s claim, or (b) for the realization by such holders of the “indubitable equivalent” of their claims.⁸ In order for a plan to be “fair and equitable” with respect to a class of unsecured claims, the plan must provide (i) for each holder of a claim in that class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain any property on account of such junior claim or interest. The Debtor believes that the Plan is fair and equitable with respect to all impaired Classes under the plan.

VI. EFFECTS OF PLAN CONFIRMATION

A confirmed plan leaves the holders of Claims with new rights as set forth in the confirmed plan. Therefore, in the event of a default after confirmation, a holder of a Claim may pursue its remedies under the Plan. Some rights may remain with holders of Claims after the provisions of the confirmed Plan (and the applicable documents evidencing obligations issued in connection with the Plan) have been carried out. The automatic stay imposed by section 362(a) of the Bankruptcy Code as to actions against the Debtor and the Debtor’s assets remains in effect until the Effective Date. Thereafter, all parties in interest will be enjoined from taking any action inconsistent with the Plan.

⁸ A third alternative applies where a debtor seeks to sell property that is subject to a lien held by a member of a non-accepting class. Here, however, the Debtor does not intend to undertake any such sale of encumbered assets.

A. Compromise and Settlement of Claims, Interests, and Controversies.

Pursuant to section 1123 of the Bankruptcy Code and Federal Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Federal Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against it and Causes of Action against other Persons.

B. Releases by the Debtor.

Pursuant to section 1123(b) of the Bankruptcy Code, as of the Effective Date, and except as otherwise specifically provided in the Plan, the Plan Supplement, or the Confirmation Order, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, the Released Parties are deemed released and discharged by the Debtor, the Reorganized Debtor, and the Estate from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, setoffs, recoupments, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that the Debtor, the Reorganized Debtor, the Estate, or the Released Parties would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest, or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor's restructuring, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, the Plan Supplement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence relating to the Debtor taking place on or before the Effective Date (collectively, the "**Debtor Released Claims**"), other than claims or liabilities arising out of or relating to any act or omission of a Released Party or a former officer or director of the Debtor that constitutes willful misconduct (including fraud) or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including the Plan Supplement, inclusive of the 2014 Bond Documents) executed to implement the Plan.

“Released Parties” means (i) the Debtor and its member or members, (ii) the Reorganized Debtor and its member or members, (iii) each Consenting Holder in any capacity, (iv) the Issuer, (v) the 2007 Bond Trustee in any capacity, and (vi) the current and former officers, directors, members, managers, employees, attorneys and advisors, each in their respective capacities as such, of each of the foregoing.

C. Releases by Holders of Claims.

As of the Effective Date and except as otherwise specifically provided in the Plan, the Plan Supplement, or the Confirmation Order, for good and valuable consideration, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtor, the Reorganized Debtor, the Estate, and the Released Parties from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, setoffs, recoupments, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor’s restructuring, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event or other occurrence relating to the Debtor taking place on or before the Effective Date (collectively, ***“Released Claims”***), other than claims or liabilities arising out of or relating to any act or omission of a Released Party or a former officer or director of the Debtor that constitutes willful misconduct (including fraud) or gross negligence; ***provided, however,*** that the Plan shall not release the Debtor, the Reorganized Debtor, and the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act of 1933 (as now in effect or hereafter amended), or other securities laws of the United States or any domestic state, city, or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including the Plan Supplement, inclusive of the 2014 Bond Documents) executed to implement the Plan.

“Releasing Party” means each holder of a Claim who has voted to accept the Plan and who has not chosen, by marking the appropriate box on the Ballot, to opt out of the “Release by Holders of Claims” provided for in Section 8.3 of the Plan (and set forth above). If you are a holder of a Claim against the Debtor and do not wish to grant the “Release by Holders

of Claims" set forth above, you may opt out of the release by marking the appropriate box on your Ballot.

D. Exculpation.

Upon and effective as of the Effective Date, the Debtor and its officers, employees, attorneys, investment bankers, financial advisors, and other professional advisors and agents will be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including section 1125(e) of the Bankruptcy Code.

Except with respect to any acts or omissions expressly set forth in and preserved by the Plan, the Plan Supplement, or any related documents, the Exculpated Parties shall neither have, nor incur any liability to any entity for any prepetition or postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming, or effecting the Plan or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan, the filing of the Chapter 11 Case, the pursuit of confirmation of the Plan, the administration and implementation of the Plan, the distribution of property under the Plan, or any other related agreement or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtor; **provided, that** the foregoing "exculpation" shall have no effect on the liability of any entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct (including fraud); **provided further, that** each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement.

"Exculpated Party" means each of: (i) the Debtor and its member or members, (ii) the Reorganized Debtor and its member or members, (iii) each Consenting Holder in any capacity, (iv) the Issuer, (v) the 2007 Bond Trustee in any capacity, and (vi) the current and former officers, directors, members, managers, employees, attorneys, and advisors, each in their respective capacities as such, of each of the foregoing.

E. Discharge of Claims.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Bar Date Order, in the Plan, or in any contract, instrument, or other agreement or document created pursuant to the Plan (including, but not limited to, the 2014 Bond Documents), the distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, effective as of the Effective Date, of all Claims and Causes of Action of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, and rights against the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g),

502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a Proof of Claim based upon such Claim, debt, or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim based upon such Claim, debt, or right is Allowed pursuant to section 502 of the Bankruptcy Code; or (iii) the holder of such a Claim has accepted the Plan. Except as otherwise provided herein, any default by the Debtor with respect to any Claim that existed before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims subject to the Effective Date occurring, except as otherwise expressly provided in the Plan.

F. Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXONERATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXONERATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2014 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXONERATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION

WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN.

THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS THEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTOR OR ANY OF ITS ASSETS, PROPERTY, OR ESTATE. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2014 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTOR'S LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502(g) OF THE BANKRUPTCY CODE.

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR, THE DEBTOR'S ESTATE, THE REORGANIZED DEBTOR, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

G. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in the Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

H. Protection Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Persons, including governmental units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Reorganized Debtor or another Person with whom the Reorganized Debtor

has been associated, solely because the Debtor has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before such Debtor is granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Case.

I. Release of Liens.

Except as otherwise provided in the Plan, the 2014 Bond Documents, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtor and its successors and assigns. For the avoidance of doubt, except as otherwise provided in the Plan (including the Plan Supplement, inclusive of the 2014 Bond Documents), all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

VII. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors, they should not be regarded as constituting the only risks present in connection with the Debtor's businesses or the Plan and its implementation.

A. Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim in a particular class only if such claim is substantially similar to the other claims in such class. The Debtor believes that the classification of Claims under the Plan complies with the requirements set forth in the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. Insufficient Acceptances

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan under section 1129(a) of the Bankruptcy Code, the Debtor intends to seek, as promptly as practicable thereafter, confirmation of the Plan.

If votes are not received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan under section 1129(a) of the Bankruptcy Code, the Debtor may nevertheless seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code, as explained above in Article V.D. However, there can be no assurance that the Debtor will be able to utilize section 1129(b) of the Bankruptcy Code for confirmation of the Plan. Any

modification of the Plan necessary to effect a confirmation of the Plan pursuant to section 1129(b) may result in a different treatment of Claims than that currently afforded in the Plan, which treatment, as to any Claim, may be less favorable. Furthermore, distributions to holders of Claims may be delayed if the Debtor must seek confirmation under section 1129(b) rather than under section 1129(a).

C. Confirmation Risks.

Even if the requisite acceptances are received, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met.

If the Plan is not confirmed by the Bankruptcy Court, (i) the Debtor may not be able to reorganize its business; (ii) the distributions that holders of Claims ultimately would receive, if any, with respect to their Claims is uncertain; and (iii) there is no assurance that the Debtor would be able to successfully develop, prosecute, confirm, and consummate an alternative plan that would be acceptable to the Bankruptcy Court and the holders of Claims. It is also possible that third parties may seek and obtain approval from the Bankruptcy Court to terminate or shorten the exclusivity period during which only the Debtor may propose and confirm a plan of reorganization.

D. Conditions Precedent May Not Occur.

As more fully set forth in the Plan and as described in Article IV.I above, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are neither met nor waived, the Effective Date will not take place.

The conditions precedent to the Effective Date include that the 2014 Bonds be issued and that all authorizations, consents, and regulatory approvals required in connection with the consummation of the Plan be obtained. The issuance of the 2014 Bonds must be approved by the Issuer and the County Executive of Nassau County, New York. While the Debtor is currently seeking the necessary approvals for the issuance of the 2014 Bonds, there can be no assurance that such approvals will be obtained.

The conditions precedent to the Effective Date also include that all payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtor shall have sufficient Cash on such date to make such payments. Additional costs could arise in connection with the transfers to take place on the Effective Date, including the issuance of the 2014 Bonds, that could materially impact the Debtor's ability to satisfy this condition precedent.

E. Uncertainty of Financial Projections.

The Projections set forth on **Exhibit 3** to this Disclosure Statement represent the Debtor's best estimate of the Debtor's future financial performance based on currently known facts and assumptions about the Debtor's future operations. The Debtor's actual financial results may differ significantly from the Projections. As explained above, whether actual results will conform to the Projections is subject to a number of risks and uncertainties, including but not limited to: the Debtor's ability to improve profitability and generate positive operating cash

flow; the Debtor's ability to sustain sales increases; the Debtor's ability to increase capital expenditures in the future; the Debtor's ability to implement effective pricing and promotional programs; the Debtor's ability to successfully implement effective business continuity; changes in federal, state, or local laws or regulations; general economic conditions in the Debtor's operating region; stability of product costs; increases in labor and employee benefit costs, such as health care and pension expenses; or changes in accounting standards and taxation requirements.

If the Debtor does not achieve its projected financial results, the Debtor may lack sufficient liquidity to continue operating as planned after the Effective Date. Moreover, the financial condition and results of operations of the Reorganized Debtor from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtor's historical financial statements.

F. Adverse Publicity.

Adverse publicity or news coverage relating to the Debtor, including publicity or news coverage in connection with the Chapter 11 Case, may negatively impact the Debtor's efforts to market its facilities and services to prospective residents and, in turn, negatively impact the Debtor's and Reorganized Debtor's financial performance.

VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Liquidation Under Chapter 7

If no chapter 11 plan can be confirmed, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed to liquidate the assets of the Debtor. The Debtor believes that liquidation under chapter 7 would result in smaller distributions, if any, being made to Creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals during such liquidation. Further, distributions in a case under chapter 7 would not reflect the concessions agreed to by the Debtor's bondholders under the Plan.

The Debtor, with the assistance of its professionals, has prepared a Liquidation Analysis, attached hereto as **Exhibit 2**. The Liquidation Analysis is based upon a hypothetical liquidation in a Chapter 7 case. The Debtor has taken into account the nature, status, and underlying value of its assets, the ultimate realizable value of its assets, and the extent to which such assets are subject to liens and security interests.

The likely form of any liquidation would be the sale of the Debtor's assets. Based on this analysis, it is likely that a chapter 7 liquidation of the Debtor's assets would produce less value for distribution to Creditors than that recoverable under the Plan. In the opinion of the Debtor, the recoveries projected to be available in a chapter 7 liquidation are not likely to afford the holders of Claims as great a realization potential as does the Plan.

B. Alternative Plan of Reorganization.

If the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate a different plan of reorganization. In the course of negotiating the Plan, the Debtor explored various other alternatives and concluded that the Plan represented the best alternative to protect the interests of Creditors, Harborside's residents, and other parties in interest. The Debtor has not changed its conclusions.

IX. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A GENERAL DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. NO RULING HAS BEEN REQUESTED FROM THE INTERNAL REVENUE SERVICE ("IRS"), NO OPINION HAS BEEN REQUESTED FROM THE DEBTOR'S COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN, AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED BELOW, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL, ESTATE, GIFT, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

THE OCCURRENCE OF THE EFFECTIVE DATE IS CONDITIONED ON THE 2014 BOND TRUSTEE RECEIVING AN OPINION OF A NATIONALLY RECOGNIZED BOND COUNSEL, IN FORM AND SUBSTANCE REASONABLY ACCEPTABLE TO THE 2014 BOND TRUSTEE, THAT INTEREST ON THE 2014 BONDS IS EXCLUDABLE FROM THE GROSS INCOME OF THE HOLDERS THEREOF FOR PURPOSES OF U.S. FEDERAL INCOME TAXATION AND INCOME TAXATION UNDER THE LAWS OF THE STATE OF NEW YORK.

The following discussion summarizes certain U.S. federal income tax consequences of the Plan to certain holders of Claims. The following summary is based on the Tax Code, Treasury Regulations ("Regulations") promulgated thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below.

This summary does not address the U.S. federal income tax consequences of the Plan to taxpayers subject to special treatment under the Tax Code (including, but not limited to, persons who are related to the Debtor within the meaning of the Tax Code, foreign taxpayers, S corporations, broker dealers, banks, mutual funds, insurance companies, financial institutions,

small business investment companies, regulated investment companies, tax-exempt organizations, partnerships and other pass-through entities (and their beneficial holders), holders of Claims who are themselves in bankruptcy, and agents). Accordingly, this summary should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim. Furthermore, this discussion assumes that a holder of a Claim only holds Claims of a single Class. This summary assumes that the 2007 Bonds and the 2014 Bonds are treated as “debt” for U.S. federal income tax purposes.

This summary also assumes that each holder of a Claim is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

A. U.S. Federal Income Tax Consequences to the Debtor.

Generally, when a debtor discharges its debt obligation for an amount less than the adjusted issue price of the debt obligation, the debtor must include such difference in its gross income as cancellation of indebtedness (“**COD**”) income.

The Plan, however, if approved, would allow the Debtor to qualify for a bankruptcy exclusion rule by which the Debtor would not recognize COD income if the discharge were granted by the Bankruptcy Court or occurred pursuant to a plan of reorganization approved by the Bankruptcy Court. If, however, the debt were discharged pursuant to a plan of reorganization, the Debtor would generally be required to reduce certain income tax attributes otherwise available and of value to the Debtor by the amount of the COD income. Tax attributes subject to reduction include: (a) net operating losses (“**NOLs**”) and NOL carryforwards; (b) credit carryforwards, including the general business credit and the minimum tax credit; (c) capital losses and capital loss carryforwards; (d) the tax basis of the Debtor’s depreciable and nondepreciable assets, but not in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the aggregate of the Debtor’s liabilities immediately after the discharge; and (e) foreign tax credit carryforwards.

Furthermore, it is unclear whether the Debtor, as a not-for-profit corporation that is generally exempt from U.S. federal income tax pursuant to section 501(a) of the Tax Code,

would be required to treat the COD income triggered by the Plan as unrelated business taxable income ("UBTI"). Although not free from doubt, the Debtor intends to take the position that any such COD income would not be treated as UBTI.

B. U.S. Federal Income Tax Consequences to Holders Upon a Bond Exchange.

In accordance with the Plan, and as described in more detail in this Disclosure Statement, holders of 2007 Bonds will exchange such bonds for 2014 Bonds (each, a "**Bond Exchange**"). The tax consequences of the Bond Exchange to a particular holder will vary depending on each holder's circumstances. Accordingly, each holder should consult with its tax advisors as to any potential tax consequences to such holder, including as to (i) whether the Bond Exchange could result in a taxable disposition to a particular holder, and (ii) the treatment and tax consequences of the Cash received by a holder in exchange for its allocable share of accrued and unpaid interest on its 2007 Bonds.

C. U.S. Federal Income Tax Consequences of Holding 2014 Bonds.

The federal income tax consequences of holding the 2014 Bonds will depend on the terms, structure and composition of the 2014 Bonds.

As a condition precedent to the Effective Date, the 2014 Bond Trustee will receive a satisfactory opinion of bond counsel that the interest on the 2014 Bonds will be excluded from gross income for federal tax purposes. Notwithstanding this opinion, ownership of the 2014 Bonds may result in additional federal income tax consequences to certain taxpayers. Each holder should consult with its tax advisors as to the tax consequences of their ownership of the 2014 Bonds.

The opinion of bond counsel is based on current legal authority, may cover matters not directly addressed by such authorities, and represents the bond counsel's judgment as to the proper treatment of the 2014 Bonds. It is not binding on the IRS or the courts. Furthermore, bond counsel cannot give, and will not give, any opinion or assurance about the further activities of the Debtor, or about the effect of future changes in the Internal Revenue Code of 1986 (the "**Tax Code**"), as amended, the applicable regulations promulgated thereunder, or the interpretation or enforcement thereof by the IRS. The Debtor, however, has agreed to act in a manner consistent with the requirements of the Tax Code.

D. Information Reporting and Backup Withholding.

Payments of interest (including accruals of OID) or dividends and any other reportable payments, possibly including amounts received pursuant to the Plan and payments of proceeds from the sale, retirement, or other disposition of the 2014 Bonds, may be subject to "backup withholding" (currently at a rate of 28%) if a holder fails to furnish to the payor certain identifying information, and, in some cases, a certification that the holder is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts deducted and withheld generally should be allowed as a credit against the holder's U.S. federal income tax liability. Furthermore, certain penalties may be imposed by the IRS on a recipient of payments who is required to supply information but who does not do so in the proper manner. Backup

withholding generally should not apply with respect to payments made to certain exempt recipients, such as corporations and financial institutions. A holder may also be required to provide additional information to the IRS concerning payments, unless an exemption applies. Holders should consult their own tax advisors regarding their qualifications for exemption from backup withholding and information reporting and the procedures for obtaining such an exemption.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX ADVISOR. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE TAX ADVICE.

THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON THE PARTICULAR CIRCUMSTANCES OF A HOLDER OF A CLAIM. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

X. CONCLUSION AND RECOMMENDATIONS

The Debtor urges all creditors entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by immediately returning their properly completed Ballots to the appropriate voting agent as set forth on the Ballots within the time stated in the notice served with this Disclosure Statement.

Dated: September 2, 2014

Respectfully submitted,

**Amsterdam House Continuing Care
Retirement Community, Inc.**

By: /s/ James Davis

Name: James Davis

Title: President and Chief Executive Officer

Exhibit 1

**Debtor's Amended Plan of Reorganization under Chapter 11
of the Bankruptcy Code, dated September 2, 2014**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

In re: : **Chapter 11**
: **AMSTERDAM HOUSE CONTINUING CARE** : **Case No. 14-73348 (AST)**
RETIREMENT COMMUNITY, INC.¹ :
: **Debtor.** :

x

**DEBTOR'S AMENDED PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

CADWALADER, WICKERSHAM & TAFT LLP
Ingrid Bagby, Esq.
Christopher J. Updike, Esq.
One World Financial Center
New York, New York 10281
Telephone: (212) 504-6000
Facsimile: (212) 504-6666

- and -

John H. Thompson, Esq.
700 Sixth Street, N.W.
Washington, D.C. 20001
Telephone: (202) 862-2200
Facsimile: (202) 862-2400

September 2, 2014

¹ The last four digits of the Debtor's federal tax identification number are 1764. The Debtor's mailing address is 300 East Overlook, Port Washington, NY 11050.

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Amsterdam House Continuing Care Retirement Community, Inc. (the “**Debtor**”) proposes this Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code.

SECTION 1. DEFINITIONS AND INTERPRETATION

A. Definitions.

The following terms used herein shall have the respective meanings below:

1.1 **2007 Bond Documents** means the 2007 Indenture and any bonds, loan agreement, mortgage, security agreement, document, agreement, or instrument executed or delivered in connection with the issuance of the 2007 Bonds including the 2007 Installment Sale Agreement.

1.2 **2007 Bond Trustee** means UMB Bank, n.a., in its capacity as successor trustee under the 2007 Indenture, and any successor trustee in such capacity.

1.3 **2007 Bonds** means, collectively, the Series 2007A Bonds, the Series 2007B Bonds, and the Series 2007C Bonds.

1.4 **2007 Indenture** means that certain Indenture of Trust, dated as of December 1, 2007, as supplemented by that certain First Supplemental Indenture of Trust, dated as of December 1, 2013; that certain Second Supplemental Indenture of Trust, dated as of December 1, 2013; and that certain Third Supplemental Indenture of Trust, dated as of December 1, 2013, by and between the Issuer and the 2007 Bond Trustee, pursuant to which the 2007 Bonds were issued.

1.5 **2014 Bond Documents** means the 2014 Bond Indenture, and any bonds, loan agreement, mortgage, security agreement, document, agreement, or instrument executed or delivered in connection with the issuance of the 2014 Bonds, including the 2014 Installment Sale Agreement and the 2014 Mortgage.

1.6 **2014 Bond Indenture** means the Indenture of Trust (as such indenture may be further amended, supplemented, or modified from time to time) to be entered into by and between the Issuer and the 2014 Bond Trustee pursuant to this Plan on or after the Effective Date, including all notes and instruments delivered pursuant thereto or in connection therewith in connection with the issuance of the 2014 Bonds, and which shall be in form and substance acceptable to the Debtor, the Issuer, and the 2014 Bond Trustee.

1.7 **2014 Bond Trustee** means UMB Bank, n.a., in its capacity as bond trustee under the 2014 Bond Indenture, and any successor trustee in such capacity.

1.8 **2014 Bonds** means, collectively, the Series 2014A Bonds, the Series 2014B Bonds, and the Series 2014C Bonds.

1.9 **2014 Installment Sale Agreement** means the Installment Sale Agreement (as such Installment Sale Agreement may be further amended, supplemented, or

modified from time to time) to be entered into by and between the Issuer and the Reorganized Debtor pursuant to this Plan on or after the Effective Date in connection with the issuance of the 2014 Bonds, and which shall be in form and substance acceptable to the Debtor and the 2007 Bond Trustee.

1.10 **2014 Mortgage** means, collectively, any mortgage agreement or agreements whereby the Debtor, directly or by way of assignment, grants one or more mortgages or other liens to the 2014 Bond Trustee to secure the Debtor's obligations under the 2014 Bond Documents.

1.11 **ACCHS** means Amsterdam Continuing Care Health System, Inc.

1.12 **Accrued Professional Compensation** means, at any given moment, all accrued, contingent and/or unpaid fees (including success fees) for legal, financial advisory, accounting, and other services, along with all obligations for reimbursement of expenses rendered or incurred before the Effective Date under sections 327, 328, 329, 330, 331, or 1103 of the Bankruptcy Code by any retained Professional in the Chapter 11 Case, or under section 503 of the Bankruptcy Code, that the Bankruptcy Court has not denied by a Final Order, all to the extent that any such fees and expenses have not been previously paid.

1.13 **Administrative Claim** means any Claim for payment of costs and expenses of administration pursuant to sections 503(b), 507(a)(2), 507(b), and 1114(e)(2) of the Bankruptcy Code, including: (i) the actual and necessary costs and expenses incurred on or after the Petition Date and through the Effective Date of preserving the Estate and operating the business of the Debtor; (ii) compensation for Accrued Professional Compensation; (iii) all fees and charges assessed against the Estate pursuant to Chapter 123 of Title 28 of the United States Code; and (iv) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Case pursuant to sections 503(b)(3), (4) and (5) of the Bankruptcy Code.

1.14 **Administrative Services Agreement** means the Administrative Services Agreement, dated March 31, 2004, by and between the Debtor and Amsterdam Consulting (as assumed by Amsterdam Consulting pursuant to the Assignment and Assumption Agreement, dated July 14, 2008, by and among the Debtor, Amsterdam Consulting, and Amsterdam Services Corp.).

1.15 **Advisory Agreement** means the Advisory Agreement, dated March 31, 2004, by and between the Debtor and GMSC.

1.16 **Allowed** means with respect to Claims: (a) any Claim, proof of which is timely filed by the applicable bar date; (b) any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely filed; or (c) any Claim Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; **provided, that** with respect to any Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that, with respect to such Claim, no objection to the allowance thereof has been interposed within the applicable period of time, as may be extended by the Bankruptcy Court from time to time, fixed by the Plan, the Bankruptcy Code,

the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely filed, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. An Allowed Claim (i) includes a Disputed Claim to the extent such Disputed Claim becomes Allowed after the Effective Date and (ii) shall be net of any valid setoff exercised with respect to such Claim pursuant to the provisions of the Bankruptcy Code and applicable law; **provided, however**, such setoff shall not otherwise be applicable to the amounts owed with respect to the 2007 Bonds. Unless otherwise specified in this Plan, in section 506(b) of the Bankruptcy Code, or by Final Order of the Bankruptcy Court, “Allowed” Claims shall not, for purposes of distributions under this Plan, include interest on such Claim accruing from and after the Petition Date. For the avoidance of doubt, the 2007 Bond Trustee shall hold an Allowed Claim in the amount of \$222,266,997 as of the Petition Date, plus unliquidated, accrued, and unpaid fees and expenses of the 2007 Bond Trustee and its professionals incurred through the Petition Date.

1.17 ***Amended and Assumed Administrative Services Agreement*** means the Administrative Services Agreement as assumed, in amended form, by the Reorganized Debtor in accordance with Section 4.5 of this Plan.

1.18 ***Amended Subvention Certificate*** means the Amended Subvention Certificate to be entered into between the Debtor and ACCHS in accordance with this Plan.

1.19 ***Amsterdam Consulting*** means Amsterdam Consulting, LLC.

1.20 ***Assets*** means all assets of the Debtor of any nature whatsoever, including, without limitation, all property of the Estate pursuant to Bankruptcy Code section 541, Cash, Avoidance and Other Actions, equipment, inventory, tax refunds, claims of right, interests and property, real and personal, tangible and intangible, and proceeds of any of the foregoing.

1.21 ***Avoidance and Other Actions*** means all actions, causes of action, suits, chases in action, and claims of the Debtor and/or the Estate against any entity or Person, whether direct, indirect, derivative, or otherwise arising under section 510 of the Bankruptcy Code or seeking to avoid a transfer of property or recover property pursuant to sections 542 through 550 of the Bankruptcy Code or applicable non-bankruptcy law.

1.22 ***Bankruptcy Code*** means title 11 of the United States Code, as now in effect or hereafter applicable to this Chapter 11 Case.

1.23 ***Bankruptcy Court*** means the United States Bankruptcy Court for the Eastern District of New York, having jurisdiction over the Chapter 11 Case.

1.24 ***Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure, as amended, and the Local Rules of the Bankruptcy Court, as applicable to this Chapter 11 Case.

1.25 **Bar Date Order** means, collectively, any order or orders entered by the Bankruptcy Court establishing a bar date by which a Proof of Claim must be filed in the Chapter 11 Case.

1.26 **Board of Directors** means the board of directors of the Debtor as of the Petition Date.

1.27 **Business Day** means any day of the calendar week, except Saturday, Sunday, a “legal holiday,” as defined in Federal Bankruptcy Rule 9006(a), or any day on which commercial banks are authorized or required by law to close in Central Islip, New York.

1.28 **Cash** means cash and cash equivalents of the Debtor, including, without limitation, deposits in transit whether in the form of check or electronic transfer.

1.29 **Cash Collateral Order** means any order, whether interim or final, allowing the use by the Debtor during the Chapter 11 Case of the cash collateral of the 2007 Bond Trustee.

1.30 **Causes of Action** means any claim, cause of action, controversy, demand, agreement, right (including to legal or equitable remedies), action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. Cause of Action includes, without limitation: (a) any right of setoff, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any claim pursuant to section 362 or Chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; and (f) any claim listed in the Plan Supplement.

1.31 **Chapter 11** means chapter 11 of the Bankruptcy Code.

1.32 **Chapter 11 Case** means the above-captioned case.

1.33 **Claim** means a claim, as defined by section 101(5) of the Bankruptcy Code, against the Debtor or its Assets, whether or not asserted.

1.34 **Class** means a class or category of Claims as classified and described in Section 3 of this Plan.

1.35 **Committee** or **Committees** means any official committee (and any and all subcommittees thereof), if any, appointed in the Chapter 11 Case pursuant to section 1102 of the Bankruptcy Code.

1.36 **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the Bankruptcy Court’s docket.

1.37 ***Confirmation Hearing*** means the hearing on confirmation of this Plan pursuant to section 1129 of the Bankruptcy Code.

1.38 ***Confirmation Order*** means the order entered by the Bankruptcy Court confirming this Plan in accordance with Chapter 11 of the Bankruptcy Code.

1.39 ***Consenting Holders*** means parties holding all rights with respect to or otherwise having authority to vote the Series 2007A Bonds and the Series 2007C Bonds that are party to the Plan Support Agreement.

1.40 ***Corporate Governance Documents*** means the certificates of incorporation, certificates of formation, resolutions, by-laws, and related documents of the Debtor and the Reorganized Debtor.

1.41 ***Creditor*** means a holder of a Claim.

1.42 ***Cure*** means the payment of Cash by the Reorganized Debtor, or the distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to (i) cure a monetary default by the Debtor in accordance with the terms of an executory contract or unexpired lease of the Debtor and (ii) permit the Reorganized Debtor to assume such executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

1.43 ***Days Cash on Hand*** shall have the meaning provided in the 2014 Bond Indenture.

1.44 ***Debt Service Reserve Fund*** shall have the meaning provided in the 2014 Bond Indenture.

1.45 ***Debt Service Reserve Fund Requirement*** shall have the meaning provided in the 2014 Bond Indenture.

1.46 ***Debtor*** means Amsterdam House Continuing Care Retirement Community, Inc., as debtor and debtor in possession, and includes the Estate, where appropriate.

1.47 ***Disbursing Agent*** means the Debtor or the Reorganized Debtor, or the entity or entities chosen by the Debtor or the Reorganized Debtor to make or facilitate distributions pursuant to this Plan.

1.48 ***Disclosure Statement*** means the disclosure statement in respect of the Plan, as the same may be altered, modified, or amended.

1.49 ***Disputed*** means, with respect to any Claim, any Claim that is not yet Allowed and is subject to a claims objection filed before any deadline set by the Bankruptcy Court.

1.50 ***Distribution Date*** means the date, occurring on or as soon as reasonably practicable after the Effective Date but no later than five (5) days after the Effective Date, on

which the Disbursing Agent first makes the required Cash distributions to holders of Allowed Claims as provided in this Plan.

1.51 ***Distribution Record Date*** means, other than with respect to public securities cancelled by this Plan, the Effective Date or such other date as may be designated in the Confirmation Order.

1.52 ***Distribution Waterfall*** means the priority of distributions from the Revenue Fund following the Effective Date, as more fully set forth in the 2014 Bond Indenture.

1.53 ***DTC*** means The Depository Trust Company.

1.54 ***Effective Date*** means a Business Day selected by the Debtor with the consent of the 2007 Bond Trustee and the Issuer, which is, unless the Confirmation Order directs otherwise, no earlier than the date on which each of the conditions to this Plan's Effective Date set forth herein has either been satisfied or waived in accordance with this Plan and no later than November 28, 2014.

1.55 ***Entrance Fee Fund*** means the existing Entrance Fee Fund held by the 2007 Bond Trustee pursuant the 2007 Indenture.

1.56 ***Entrance Fees*** means all Initial Entrance Fees and Turnover Entrance Fees.

1.57 ***Escrow Agreement*** means that certain Escrow Agreement dated as of July 21, 2014, by and among the Debtor, the 2007 Bond Trustee, and Amalgamated Bank as escrow agent.

1.58 ***Estate*** means the estate of the Debtor created by the Debtor's Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

1.59 ***Excess Cash*** shall have the meaning provided in the 2014 Bond Indenture.

1.60 ***Exculpated Party*** means each of: (i) the Debtor and its member or members, (ii) the Reorganized Debtor and its member or members, (iii) each Consenting Holder in any capacity, (iv) the Issuer, (v) the 2007 Bond Trustee in any capacity, and (vi) the current and former officers, directors, members, managers, employees, attorneys, and advisors, each in their respective capacities as such, of each of the foregoing.

1.61 ***Executory Contract*** means a contract to which the Debtor is a party that is capable of assumption or rejection under section 365 of the Bankruptcy Code.

1.62 ***Facility*** means the continuing care retirement community known as "The Amsterdam at Harborside" and owned by the Debtor, located in Port Washington, New York.

1.63 ***Federal Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure, as amended.

1.64 ***Final Order*** means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Case that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; ***provided, however,*** that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Federal Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

1.65 ***General Unsecured Claim*** means any unsecured Claim against the Debtor, including, without limitation, any Resident Claim, that is not an Administrative Claim, Priority Tax Claim, Other Priority Claim, Other Secured Claim, Series 2007A/B Bond Claim, or Series 2007C Bond Claim.

1.66 ***GDC*** means Greystone Development Company II, LP.

1.67 ***GMSC*** means Greystone Management Services Company, LLC.

1.68 ***Initial Entrance Fee*** means the initial entrance fee that the first resident to occupy each independent living unit at the Facility pays pursuant to a Residency Agreement.

1.69 ***Insurance Policies*** means, collectively, all of the Debtor's insurance policies.

1.70 ***Interest*** means any membership interest in the Debtor, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest.

1.71 ***Issuer*** means the Nassau County Industrial Development Agency.

1.72 ***Lien*** has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.73 ***Marketing and Development Advisory Services Agreement*** means the Marketing and Development Advisory Services Agreement, dated March 31, 2004, by and between the Debtor and GDC, as amended on or before the Effective Date.

1.74 ***New Financial Services Advisory Agreement*** means that certain Financial Services Advisory Agreement, in the form to be agreed upon between the 2014 Bond Trustee and the Debtor prior to the Effective Date (as such agreement may be further amended, supplemented, or modified from time to time), to be entered into by and between GMSC and the Reorganized Debtor in accordance with Section 4.5 herein.

1.75 **New Marketing Services Advisory Agreement** means that certain Marketing Services Advisory Agreement to be entered into by and between GDC and the Reorganized Debtor in accordance with Section 4.5 herein.

1.76 **Office of the U.S. Trustee** means the Office of The United States Trustee, Alfonse D'Amato Federal Courthouse, 560 Federal Plaza, Central Islip, NY 11722.

1.77 **Operating Account** shall have the meaning set forth in the 2014 Bond Indenture.

1.78 **Operating Reserve Fund** shall have the meaning set forth in the 2014 Bond Indenture.

1.79 **Other Priority Claim** means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

1.80 **Other Secured Claim** means the PILOT Claim and any Secured Claim other than a Series 2007A/B Bond Claim or Series 2007C Bond Claim.

1.81 **Person** means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, estate, unincorporated organization, governmental unit, government (or agency or political subdivision thereof), or other entity, including, without limitation, the Debtor.

1.82 **Petition Date** means the date on which the Debtor filed a petition commencing the Chapter 11 Case.

1.83 **PILOT Agreement** means the Payment in Lieu of Taxes Agreement dated as of December 1, 2007, as amended by the First Amendment to Payment in Lieu of Taxes Agreement dated as of June 1, 2014, between the Debtor and the Issuer regarding payments in lieu of taxes to be made by the Debtor to the Treasurer of the County of Nassau with respect to the applicable real property taxes and assessments levied or assessed against the Facility, as amended from time to time.

1.84 **PILOT Claim** means any claim arising under the PILOT Agreement or PILOT Mortgage.

1.85 **PILOT Mortgage** means the Mortgage and Assignment of Rents dated as of December 1, 2007, from the Issuer and the Debtor in favor of the County of Nassau, on behalf of itself and such other instrumentalities to which amounts shall be due and owing pursuant to the PILOT Agreement, and its successors or assigns under the PILOT Mortgage.

1.86 **Plan** means this Amended Plan, as altered, modified, or amended in accordance with the Bankruptcy Code and the Bankruptcy Rules.

1.87 **Plan Supplement** means the compilation of documents and forms of documents, schedules, and exhibits to this Plan, to be filed prior to the Confirmation Hearing, as

amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, and the Bankruptcy Rules.

1.88 ***Plan Support Agreement*** means that certain Plan Support Agreement, dated as of July 21, 2014 (including, without limitation, the exhibits, attachments, and appendices thereto), entered into by and among the Debtor and each of the Consenting Holders on the date thereof, as may be amended, supplemented, or otherwise modified from time to time in accordance with the terms thereof.

1.89 ***Primary Market Area*** shall have the meaning set forth in the feasibility study prepared by Dixon Hughes PLLC in connection with the issuance of the Series 2007 Bonds.

1.90 ***Priority Tax Claim*** means any Claim of a governmental unit of a kind entitled to priority under section 507(a)(8) of the Bankruptcy Code.

1.91 ***Professionals*** means all professionals employed in this Chapter 11 Case pursuant to sections 327, 328, and 1103 of the Bankruptcy Code.

1.92 ***Proof of Claim*** means a proof of Claim filed against the Debtor in the Chapter 11 Case.

1.93 ***Refunds*** means any resident refund obligations under the terms of the Residency Agreements.

1.94 ***Released Parties*** means (i) the Debtor and its member or members, (ii) the Reorganized Debtor and its member or members, (iii) each Consenting Holder in any capacity, (iv) the Issuer, (v) the 2007 Bond Trustee in any capacity, and (vi) the current and former officers, directors, members, managers, employees, attorneys, and advisors, each in their respective capacities as such, of each of the foregoing.

1.95 ***Releasing Party*** means each holder of a Claim who has voted to accept the Plan and who has not chosen, by marking the appropriate box on the ballot, to opt out of the “Release by Holders of Claims” provided for in Section 8.3 of this Plan.

1.96 ***Reorganized Debtor*** means the reorganized Amsterdam House Continuing Care Retirement Community, Inc., or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date, after giving effect to the restructuring transactions occurring on the Effective Date in accordance with this Plan.

1.97 ***Residency Agreements*** means those certain residency agreements entered into by and between the residents of the Facility and the Debtor and any additional documents related thereto, including any amendments, supplements, or addendums.

1.98 ***Resident Claim*** means any Claim that a resident may hold or assert against the Debtor, its Estate, or its Assets, including, without limitation, any Claim arising under, related to, or in connection with a Residency Agreement.

1.99 ***Schedules*** means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs, if any, filed by the Debtor pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

1.100 ***Secondary Market Area*** means the area within the following zip codes: 11001, 11003, 11004, 11005, 11010, 11042, 11354, 11355, 11356, 11357, 11358, 11359, 11360, 11361, 11362, 11363, 11364, 11365, 11366, 11367, 11375, 11423, 11426, 11427, 11428, 11429, 11439, 11549, 11550, 11552, 11553, 11554, 11797, 11801 and 11803.

1.101 ***Secured Claim*** means any Claim of a Creditor that is (i) secured by property of the Estate, to the extent of the value of the Creditor's interest in the Estate's interest in such property, as provided in section 506(a) of the Bankruptcy Code or (ii) subject to setoff under section 553 of the Bankruptcy Code, to the extent of the amount subject to setoff, as provided in section 506(a) of the Bankruptcy Code.

1.102 ***Series 2007A Bonds*** means the Nassau County Industrial Development Agency Continuing Care Retirement Community Fixed Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007A, in the original aggregate principal amount of \$167,895,000 issued pursuant to the 2007 Indenture.

1.103 ***Series 2007A/B Bond Claims*** means any and all Claims in respect of the Series 2007A Bonds or the Series 2007B Bonds.

1.104 ***Series 2007B Bonds*** means the Nassau County Industrial Development Agency Continuing Care Retirement Community Adjustable Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007B, in the original aggregate principal amount of \$8,500,000 issued pursuant to the 2007 Indenture.

1.105 ***Series 2007C Bonds*** means the Nassau County Industrial Development Agency Continuing Care Retirement Community Variable Rate Demand Revenue Bonds (Amsterdam at Harborside Project) Series 2007C, in the original aggregate principal amount of \$95,100,000 issued pursuant to the 2007 Indenture.

1.106 ***Series 2007C Bond Claims*** means any and all Claims in respect of the Series 2007C Bonds.

1.107 ***Series 2014A Bonds*** means the Nassau County Industrial Development Agency Continuing Care Retirement Community Fixed Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2014A to be issued by the Issuer pursuant to this Plan under the 2014 Bond Indenture and as more fully described in Section 4.3.1 herein.

1.108 ***Series 2014B Bonds*** means the Nassau County Industrial Development Agency Continuing Care Retirement Community Fixed Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2014B to be issued by the Issuer pursuant to this Plan under the 2014 Bond Indenture and as more fully described in Section 4.3.2 herein.

1.109 ***Series 2014C Bonds*** means the Nassau County Industrial Development Agency Continuing Care Retirement Community Excess Cash Flow Bonds (Amsterdam at Harborside Project) Series 2014C to be issued by the Issuer pursuant to this Plan under the 2014 Bond Indenture and as more fully described in Section 4.3.3 herein.

1.110 ***Subordination Agreement*** means the subordination agreement between ACCHS, the Debtor, and the 2014 Bond Trustee included in the Plan Supplement, as such subordination agreement may be amended, supplemented, or otherwise modified from time to time in accordance with the terms thereof.

1.111 ***Subvention Certificate*** means that certain Subvention Certificate of Amsterdam House Continuing Care Retirement Community, Inc., dated as of March 31, 2004, between the Debtor and ACCHS issued in consideration of the subvention in the amount of \$3,000,000 made by ACCHS to the Debtor.

1.112 ***Subvention Claim*** means the Claim held against the Debtor by ACCHS under the Subvention Certificate.

1.113 ***Turnover Entrance Fee*** means any entrance fee, other than an Initial Entrance Fee, that a resident occupying a unit at the Facility pays pursuant to a Residency Agreement.

1.114 ***Unexpired Lease*** means a lease to which the Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.115 ***Unrestricted Reserve Amount*** shall have the meaning set forth in the 2014 Bond Indenture.

1.116 ***Unrestricted Reserve Cap*** shall have the meaning set forth in the 2014 Bond Indenture.

1.117 ***U.S. Trustee Fees*** means all fees and charges assessed against the Estate of the Debtor under 28 U.S.C. § 1930 of the United States Code.

1.118 ***Voting Deadline*** means the deadline to vote to accept or reject this Plan set forth in the Disclosure Statement or an order of the Bankruptcy Court, as such deadline may be extended or modified from time to time.

B. Interpretation: Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan, as the same may be amended, waived, or modified from time to time. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. A term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to this Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Unless otherwise

provided, any reference in this Plan to an existing document, exhibit, or schedule means such document, exhibit, or schedule as it may have been amended, restated, revised, supplemented, or otherwise modified. If a time or date is specified for any payments or other distribution under this Plan, it shall mean on or as soon as reasonably practicable thereafter. Further, where appropriate from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral.

SECTION 2. TREATMENT OF ADMINISTRATIVE CLAIMS, PRIORITY TAX CLAIMS, AND U.S. TRUSTEE FEES

2.1 *Administrative Claims.* In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims have not been classified and are treated as described herein. Except as otherwise provided in this Plan, by written agreement of the holder of an Allowed Administrative Claim to accept different treatment than provided under this Plan, or by order of the Bankruptcy Court, a Person holding an Allowed Administrative Claim will receive Cash equal to the unpaid portion of such Allowed Administrative Claim that has come due for payment under any applicable order or law, as soon as practicable after the later of: (i) the third Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; (ii) the date on which such Person becomes the holder of such an Allowed Administrative Claim; or (iii) the date or dates when that Allowed Administrative Claim is payable by its terms, consistent with past practice and in accordance with past terms.

2.2 *Professional Compensation.* Professionals or other Persons asserting a Claim for Accrued Professional Compensation for services rendered before the Effective Date must file and serve on the Debtor, the Reorganized Debtor, the 2007 Bond Trustee, and such other Persons who are designated by the Bankruptcy Rules, the Confirmation Order, or other order of the Bankruptcy Court, an application for final allowance of such Claim for Accrued Professional Compensation no later than 30 days after the Effective Date. Objections to any Claim for Accrued Professional Compensation must be filed and served on the Reorganized Debtor, the Office of the U.S. Trustee, the 2007 Bond Trustee, and the requesting party no later than 25 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for final allowance of such Claim for Accrued Professional Compensation was served.

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and section 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor may employ and pay any professional for services rendered or expenses incurred after the Effective Date in the ordinary course of business without any further notice to any party or action, order, or approval of the Bankruptcy Court.

2.3 *Priority Tax Claims.* In accordance with section 1123(a)(1) of the Bankruptcy Code, Priority Tax Claims have not been classified and are treated as described in this Section 2 of this Plan. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Reorganized Debtor in its sole discretion and in full satisfaction of such Claim, payment in Cash

in full on the later of (i) the Effective Date, or as soon as reasonably practicable thereafter as determined by the Disbursing Agent, or (ii) the date such Claim becomes an Allowed Claim.

2.4 U.S. Trustee Fees. U.S. Trustee Fees include all fees and charges assessed against the Debtor's Estate under section 1930 of Title 28 of the United States Code. All U.S. Trustee Fees will be paid in full by the Reorganized Debtor as they become due and owing.

SECTION 3. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

3.1 Classification and Specification of Treatment of Claims. All Claims, except those described in Section 2 herein, are placed in the following impaired or unimpaired Classes of Claims pursuant to sections 1123(a)(1), 1123(a)(2), and 1123(a)(3) of the Bankruptcy Code, which sections require this Plan to designate such Classes and to specify their impaired or unimpaired status. A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of the Class and is classified in a different Class to the extent that the Claim qualifies within the description of that different Class. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released, withdrawn, waived, or otherwise satisfied under this Plan. Unless this Plan expressly provides otherwise, when a Class includes a subclass, each subclass is a separate Class for all purposes under the Bankruptcy Code, including, without limitation, voting and distribution.

Subject to all other applicable provisions of this Plan (including its distribution provisions), classified Claims shall receive the treatment set forth below. This Plan will not provide any distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, through payment by a third party. Except as specifically provided in this Plan, this Plan will not provide any distributions on account of a Claim for which the obligation to pay has been assumed by a third party.

3.2 Classes of Claims and Interests.

| Class | Claim | Status | Voting Rights |
|-------|----------------------------|------------|------------------|
| 1 | Other Priority Claims | Unimpaired | Deemed to Accept |
| 2 | Series 2007A/B Bond Claims | Impaired | Entitled to Vote |
| 3 | Series 2007C Bond Claims | Impaired | Entitled to Vote |
| 4 | Other Secured Claims | Unimpaired | Deemed to Accept |
| 5 | General Unsecured Claims | Unimpaired | Deemed to Accept |
| 6 | Subvention Claim | Impaired | Entitled to Vote |
| 7 | Interests in Debtor | Unimpaired | Deemed to Accept |

3.2.1 Class 1 — Other Priority Claims. This Class consists of all Allowed Other Priority Claims, if any such Claims still exist as of the Effective Date. Each

Allowed Other Priority Claim shall be in a separate subclass. Except to the extent that the holder of an Allowed Other Priority Claim agrees to less favorable treatment, each holder of an Allowed Other Priority Claim will receive, in full and final satisfaction and discharge of and in exchange for each Allowed Other Priority Claim: (i) deferred Cash payments of a value, as of the Effective Date, equal to the holder's Allowed Other Priority Claim, or (ii) payment in Cash in full on the later of: (a) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (b) the third (3rd) Business Day after the date on which such Other Priority Claim becomes an Allowed Claim.

3.2.2 Class 2 — Series 2007A/B Bond Claims. This Class consists of all Series 2007A/B Bond Claims and includes all Claims of the holders of (i) the Series 2007A Bonds, which Claims shall be deemed Allowed pursuant to this Plan in the aggregate principal amount of \$164,385,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$635,171.84, plus accrued and unpaid interest from the Petition Date to the Effective Date in the approximate amount of \$3,811,031; and (ii) the Series 2007B Bonds, which Claims shall be deemed Allowed pursuant to this Plan in the aggregate principal amount of \$8,500,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$49,335.42, plus accrued and unpaid interest from the Petition Date to the Effective Date in the amount of \$193,375. Upon the terms and subject to the conditions set forth in this Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Series 2007A/B Bond Claim:

- Each holder of an outstanding Series 2007A Bond or outstanding Series 2007B Bond shall exchange the then outstanding Series 2007A Bond or Series 2007B Bond for (i) its *pro rata* share of the principal amount of the Series 2014A Bonds in the aggregate principal amount of \$129,663,750 allocated to that respective maturity as further set out in Schedule A attached hereto; and (ii) its *pro rata* share of the principal amount of the Series 2014C Bonds in the aggregate principal amount of \$47,225,656 (inclusive of interest from the Petition Date through the Effective Date as set forth in Section 4.3.3 hereof).
- Each holder of an outstanding Series 2007A Bond or outstanding Series 2007B Bond shall also receive payment in full in Cash on account of its allocable share of accrued and unpaid interest on the Series 2007A Bonds or Series 2007B Bonds, as applicable, through the date immediately preceding the Petition Date, which payment shall be made as of the Distribution Date.

3.2.3 Class 3 — Series 2007C Bond Claims. This Class consists of all Series 2007C Bond Claims and includes all Claims of the holders of the Series 2007C Bonds, which shall be deemed Allowed pursuant to this Plan in the aggregate principal amount of \$47,685,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$1,012,489.73, plus accrued and unpaid interest from the Petition Date to the Effective Date in the amount of \$984,695. Upon the terms and subject to the conditions set forth in this Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Series 2007C Bond Claim:

- Each holder of an outstanding Series 2007C Bond shall exchange the then outstanding Series 2007C Bond for a *pro rata* share of:

- Series 2014A Bonds in the aggregate principal amount of \$11,921,250;
- Series 2014B Bonds in the aggregate principal amount of \$23,842,500; and
- Series 2014C Bonds in the aggregate principal amount of \$12,905,945 (which amount shall include interest from the Petition Date through the Effective Date, as set forth in Section 4.3.3 hereof).
- Each holder of an outstanding Series 2007C Bond shall also receive payment in full in Cash on account of its allocable share of accrued and unpaid interest (based upon the contractual rate of interest of 10% per annum) on the Series 2007C Bonds through the date immediately preceding the Petition Date, which payment shall be made as of the Distribution Date.

3.2.4 Class 4 — Other Secured Claims. This Class consists of all Other Secured Claims. Except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon as practicable thereafter, each holder of an Allowed Other Secured Claim shall have its Other Secured Claim reinstated and the legal, equitable, and contractual rights to which the holder of such Claim is entitled shall otherwise be unaltered in accordance with section 1124 of the Bankruptcy Code. For the avoidance of doubt, this Class 4 includes the PILOT Claim.

3.2.5 Class 5 —General Unsecured Claims. This Class consists of all General Unsecured Claims. Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each General Unsecured Claim, each holder of an Allowed General Unsecured Claim will receive payment in full in Cash of the unpaid portion of such Allowed General Unsecured Claim on the latest of (i) the third (3rd) Business Day after the Effective Date or as soon as practicable thereafter as determined by the Disbursing Agent, (ii) the third (3rd) Business Day after the date on which such General Unsecured Claim becomes an Allowed Claim, (iii) the date such Allowed General Unsecured Claim becomes due and payable in the ordinary course of business, or (iv) as otherwise agreed to by the Debtor and the holder of such General Unsecured Claim, and this Plan shall otherwise leave unaltered the legal, equitable, and contractual rights to which the holder of such General Unsecured Claim is entitled; ***provided, however,*** that the Debtor may seek authority from the Bankruptcy Court to pay certain General Unsecured Claims in advance of the Effective Date in the ordinary course of business. The Debtor reserves its right, however, to dispute the validity of any General Unsecured Claim, whether or not objected to prior to the Effective Date.

3.2.6 Class 6 — Subvention Claim. This Class consists of the Subvention Claim. On or after the Effective Date, holders of Claims in this Class shall: (i) receive no distribution on account of the Subvention Claim, (ii) enter into the Subordination Agreement, and (iii) retain the Subvention Claim as a claim against the Reorganized Debtor on the terms set forth in the Subvention Certificate.

3.2.7 Class 7 — Interests in Debtor. This Class consists of all Interests in the Debtor. On the Effective Date, ACCHS will retain all membership interests in the Reorganized Debtor and will enter into a reasonable agreement with the 2014 Bond Trustee and the Reorganized Debtor providing that neither ACCHS nor the Reorganized Debtor shall engage in any conduct within the Primary Market Area or Secondary Market Area of Harborside that competes with the sales efforts of Harborside.

3.3 *Acceptance or Rejection of this Plan.*

3.3.1 Acceptance by an Impaired Class. In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

3.3.2 Presumed Acceptance of this Plan. Classes 1, 4, 5, and 7 are not impaired under this Plan and are, therefore, conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

3.3.3 Voting Class. Classes 2, 3, and 6 are impaired under this Plan and are entitled to vote to accept or reject this Plan.

SECTION 4. MEANS FOR IMPLEMENTATION OF THIS PLAN

4.1 *Sources of Consideration.* Cash consideration necessary for the Reorganized Debtor to make payments or distributions pursuant hereto shall be obtained from the Entrance Fee Fund and the Operating Reserve Fund, all other unrestricted Cash available to the Reorganized Debtor as of the Effective Date, and Cash derived from the Reorganized Debtor's business operations.

4.2 *Cancellation of 2007 Bonds.* Except as otherwise provided in this Plan or the Confirmation Order, on the Effective Date, the 2007 Bonds shall be cancelled, and the 2007 Bonds and related 2007 Bond Documents shall continue in effect solely to the extent they relate to and are necessary to (i) allow for the applicable distributions pursuant to the Plan, (ii) permit the 2007 Bond Trustee and the Issuer to be compensated for fees and reimbursed for expenses including expenses of its professionals, assert its charging lien, enforce its indemnity and other rights and protections with respect to and pursuant to the 2007 Bond Documents, (iii) permit the 2007 Bond Trustee to set one or more record dates and distributions dates with respect to the distribution of funds to beneficial holders of the 2007 Bonds, as applicable, (iv) permit the Bond Trustee to appear in the Chapter 11 Case, and (v) permit the 2007 Bond Trustee and the Issuer to perform any functions that are necessary in connection with the foregoing clauses (i) through (iv).

4.3 *Issuance of 2014 Bonds.* On the Effective Date, the Issuer will issue the 2014 Bonds in accordance with the terms of this Plan and pursuant to the 2014 Bond Indenture.

4.3.1 Series 2014A Bonds. The Series 2014A Bonds shall be issued as current paying bonds with an aggregate principal amount of \$141,585,000. The Series 2014A Bonds shall bear interest at and have maturities in the years and in principal amounts as set forth on Schedule A attached hereto, with a maturity date of 35 years. The Series 2014A Bonds shall further be subject to optional and mandatory redemption as set forth in the 2014 Bond Indenture. Interest on the Series 2014A Bonds shall be payable semiannually following the Effective Date and principal shall be paid as set forth in the 2014 Bond Indenture.

4.3.2 Series 2014B Bonds. The Series 2014B Bonds shall be issued as current paying bonds with an aggregate principal amount of \$23,842,500. The Series 2014B Bonds shall bear interest at 5.5%, payable semiannually, and shall mature on July 1, 2020. The Series 2014B Bonds shall be subject to optional and mandatory redemption as set forth in the 2014 Bond Indenture.

4.3.3 Series 2014C Bonds. The Series 2014C Bonds shall be issued in the aggregate principal amount of \$55,142,500, plus interest accrued on the 2007 Bonds from the Petition Date through the Effective Date at the rate equal to (i) in connection with the Series 2007A Bonds and Series 2007B Bonds at the proposed corresponding rate of interest accruing under the Series 2014A Bonds; and (ii) in connection with the Series 2007C Bonds at the rate of 5.9% per annum, all as further set out in Schedule A, attached hereto. The Series 2014C Bonds shall bear interest at 2%, payable semiannually, but only to the extent of Excess Cash, in accordance with the Distribution Waterfall under the 2014 Bond Indenture, applied first to accrued interest, then to principal. The Series 2014C Bonds shall mature on January 1, 2049.

4.3.4 Priority of 2014 Bonds. The Series 2014A Bonds and the Series 2014B Bonds will be *pari passu*, secured by a Lien on all assets of Amsterdam except that the 2014B Bonds will have a first Lien against the Entrance Fees and the Series 2014A Bonds will have a second Lien against Entrance Fees. Each of the Series 2014A Bonds and Series 2014B Bonds will be senior to the Series 2014C Bonds in repayment and security, *provided, however,* that the Lien securing the Series 2014A Bonds and the Series 2014B Bonds will be junior only to the Lien of the PILOT Mortgage, which will remain in effect after the Effective Date. The Series 2014C Bonds shall be secured by a Lien on all assets of Amsterdam, junior to the Lien of the PILOT Mortgage and the Liens securing the Series 2014A Bonds and the Series 2014B Bonds.

4.3.5 2014 Bond Documents. In connection with the foregoing matters described in this Section 4.3.5, on the Effective Date, the Issuer, the Debtor, and the 2014 Bond Trustee, as applicable, will enter into the 2014 Bond Documents, including the 2014 Bond Indenture, the 2014 Installment Sale Agreement, and the 2014 Mortgage. The 2007 Bond Trustee shall transfer substantially all funds and accounts created or maintained under or pursuant to the 2007 Indenture in accordance with the 2014 Bond Documents and this Plan.

4.3.6 Effective Date Transactions. Upon the Effective Date, the deposits in the Entrance Fee Fund, together with (x) the balances as of the Effective Date of the Debtor's operating accounts and of the Operating Reserve Fund and (y) revenues and other income of the Debtor available on the Effective Date, shall be applied in the following order of priority to the extent of available funds: (i) to pay any Refunds due and owing; (ii) to pay all

professional fees and expenses, and all other reasonable fees and expenses, incurred in connection with the “Restructuring Transaction” as defined in the Restructuring Term Sheet attached as Exhibit A to this Plan (including, without limitation, any costs associated with obtaining opinions from bond counsel) subject to an agreed upon budget; (iii) to pay interest on the Series 2007 Bonds accrued and unpaid through the date immediately preceding the Petition Date; (iv) to fund the Operating Reserve Fund in an amount equal to approximately 130 Days Cash on Hand; (v) to fund the Unrestricted Reserve Amount in an amount equal to approximately 45 Days Cash on Hand; and (vi) to fund the Debt Service Reserve Fund up to the initial Debt Service Reserve Fund Requirement.

4.3.7 Additional Terms of 2014 Bonds. Additional terms and conditions with respect to the 2014 Bonds are set forth in the Restructuring Term Sheet attached as Exhibit A to this Plan and in the 2014 Bond Documents. To the extent of any inconsistencies between the Restructuring Term Sheet and the 2014 Bond Documents, the 2014 Bond Documents shall govern the respective rights and obligations of the parties.

4.4 Section 1145 Exemption. Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the 2014 Bonds shall be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act of 1933 (as now in effect or hereafter amended) and any other applicable state or federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution, or sale of securities. Any person who solicits or participates in the offer, issuance, sale, or purchase of the 2014 Bonds issued under, or in accordance with, this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, is not liable, on account of such solicitation or participation, for violation of an applicable law, rule, or regulation governing solicitation of acceptance or rejection of this Plan or the offer, issuance, sale, or purchase of securities pursuant thereto.

4.5 Advisory Services Agreements. On or before the Effective Date, the Reorganized Debtor will (i) assume the Administrative Services Agreement and simultaneously enter into the amendments thereto, resulting in the Amended and Assumed Administrative Services Agreement, (ii) assume the Marketing and Development Advisory Services Agreement and enter into the amendments thereto, (iii) enter into the New Financial Services Advisory Agreement, and (iv) enter into the New Marketing Services Advisory Agreement.

4.6 Assumption of Residency Agreements. On the Effective Date, the Reorganized Debtor shall assume all of the Residency Agreements in their entirety.

4.7 Reorganized Debtor’s Board of Directors. The existing members of the Board of Directors of the Debtor shall continue to be members of the Board of Directors of the Reorganized Debtor. The Board of Directors of the Debtor consists of Lawrence B. Thompson, Esq.; James J. Campbell; Isabel M. Carden; Joseph C. Hoopes, Jr.; Jay H. McDowell, Esq.; Frances R. Olivieri; The Reverend Deacon Frank L. Peterson, Jr.; The Reverend James G. Callaway, Jr.; George L. Van Amson; Dr. Karen M. Hopkins, M.D.; and R. Scott Edmonds.

4.8 Officers of the Reorganized Debtor. The existing officers of the Debtor shall continue to be officers of the Reorganized Debtor. Such officers shall serve in accordance

with applicable non-bankruptcy law. The existing officers of the Debtor include James Davis (President & CEO); Joseph C. Hoopes, Jr. (Treasurer); and Jay H. McDowell (Secretary).

4.9 ***Employee Benefits.*** Except as otherwise provided herein, on and after the Effective Date, the Reorganized Debtor may: (i) honor, in the ordinary course of business, any contracts, agreements, policies, programs, and plans for, among other things, compensation, health care benefits, disability benefits, deferred compensation benefits, travel benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of the Debtor who served in such capacity at any time, and (ii) honor, in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time arising before the Petition Date; ***provided, however,*** that the Debtor's or the Reorganized Debtor's performance under any employment agreement will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Effective Date, or restore, reinstate or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing herein shall limit, diminish or otherwise alter the Reorganized Debtor's or the Debtor's defenses, claims, Causes of Action or other rights with respect to any such contracts, agreements, policies, programs, and plans.

4.10 ***Vesting of Assets in the Reorganized Debtor.*** Except as otherwise provided in this Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date, or as soon as practicable thereafter, all property of the Debtor's Estate and all Causes of Action of the Debtor (except those released pursuant to the Releases by the Debtor) shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances (except for Liens securing the 2014 Bonds or the PILOT Agreement). On and after the Effective Date, except as otherwise provided in this Plan, the Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

4.11 ***Restructuring Transactions.*** On the Effective Date or as soon as reasonably practicable thereafter, the Debtor and the Reorganized Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate this Plan, including: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of this Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Persons may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of this Plan and having other terms to which the applicable Persons agree; (iii) the filing of appropriate certificates or articles of incorporation or amendments thereto, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; and (iv) all other actions that the applicable Persons determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

4.12 *Corporate Action.* Upon the Effective Date, all actions contemplated by this Plan (whether to occur before, on, or after the Effective Date) shall be deemed authorized and approved in all respects, and all matters provided for in this Plan involving the corporate structure of the Debtor or the Reorganized Debtor and any corporate action required by the Debtor or the Reorganized Debtor in connection with this Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the directors or officers of the Debtor or the Reorganized Debtor.

On or (as applicable) before the Effective Date, the appropriate officers of the Debtor or the Reorganized Debtor, as applicable, shall be authorized and directed to issue, execute, and deliver the agreements, documents, securities, certificates of incorporation, operating agreements, and instruments contemplated by this Plan (or necessary or desirable to effect the transactions contemplated by this Plan) in the name of and on behalf of the Debtor or the Reorganized Debtor, as the case may be, and any and all other agreements, documents, securities, and instruments relating to the foregoing.

4.13 *Section 1146 Exemption from Certain Taxes and Fees.* Pursuant to section 1146(a) of the Bankruptcy Code, any transfer of property and any issuance, transfer, or exchange of a security in connection with or pursuant to this Plan shall not be subject to any stamp, mortgage recording, or other similar tax, charge, or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax, charge, or governmental assessment and, as applicable, to accept for filing and recordation instruments or other documents pursuant to such transfer of property or to permit the issuance, transfer, or exchange of a security without the payment of any such tax, charge, or governmental assessment. Such exemption specifically applies, without limitation, to (i) the creation and recordation of any mortgage, deed of trust, lien, or other security interest; (ii) the making or assignment of any lease or sublease; (iii) any restructuring transaction authorized by this Plan, including, without limitation, the issuance by the Issuer of the 2014 Bonds; or (iv) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; or (d) assignments executed in connection with any transaction occurring under this Plan.

4.14 *Preservation of Causes of Action of the Debtor.* In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, the Exculpated Claims against the Exculpated Parties and the Debtor Released Claims against the Released Parties), the Reorganized Debtor shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtor's right to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtor may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor. No Person may rely on the absence of a specific reference in this Plan or the Disclosure Statement to any Cause of Action against such Person as any indication that the Debtor or the Reorganized Debtor, as applicable, will not pursue any and all available Causes of Action against such Person. Except with respect to Causes of Action as to which the Debtor or

the Reorganized Debtor has released any Person on or before the Effective Date (including pursuant to the Releases by the Debtor or otherwise), the Debtor or the Reorganized Debtor, as applicable, expressly reserves all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in this Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised, or settled in this Plan or by an order of the Bankruptcy Court, the Reorganized Debtor expressly reserves all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of this Plan. For the avoidance of doubt, nothing in this Section 4.14 shall affect the “Release by the Debtor” provided in Section 8.2 of this Plan.

SECTION 5. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1 *Assumption and Rejection of Executory Contracts and Unexpired Leases.* Except as otherwise provided in the Plan or in an order of the Bankruptcy Court, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, each of the Executory Contracts and Unexpired Leases of the Debtor will be deemed assumed as of the Effective Date, unless such Executory Contract or Unexpired Lease: (i) was assumed or rejected previously by the Debtor; (ii) expired or terminated pursuant to its own terms before the Effective Date; (iii) is the subject of a motion to reject filed on or before the Effective Date; or (iv) is identified as an Executory Contract or Unexpired Lease to be rejected in the Plan Supplement filed on or before the Effective Date.

Notwithstanding anything contained in this Plan to the contrary, each Residency Agreement, and all obligations arising thereunder, including the repayment of Initial Entrance Fees, Turnover Entrance Fees, and all other entrance deposits and fees, will be assumed by the Reorganized Debtor, as of the Effective Date, pursuant to this Plan.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in this Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to this Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to this Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall vest in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in this Plan, the Debtor or the Reorganized Debtor, as applicable, reserves the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Reorganized Debtor shall have the right to terminate, amend, or modify any contracts, leases, or other agreements without approval of the Bankruptcy Court, subject to the terms thereof.

5.2 *Claims Based on Rejection of Executory Contracts or Unexpired Leases.*

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court within 30 days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; *provided, that* any such Claims arising from the rejection of an Unexpired Lease shall be subject to the cap on rejection damages imposed by section 502(b)(6) of the Bankruptcy Code. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed and forever barred from assertion and shall not be enforceable against the Debtor, the Reorganized Debtor, the Estate, or its property, without the need for any objection by the Debtor or the Reorganized Debtor or further notice to, action by, or order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases shall be classified as Class 5 General Unsecured Claims and shall be treated in accordance with this Plan.

5.3 *Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.*

Any monetary amounts by which any Executory Contract or Unexpired Lease to be assumed under this Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by Cure. If there is a dispute regarding (i) the nature or amount of any Cure; (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (iii) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to this Plan or otherwise shall result in the full waiver, release, and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting change in control or ownership interest composition and other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of the assumption.

5.4 *Insurance Policies.* Notwithstanding anything herein to the contrary, as of the Effective Date, the Debtor shall assume (and assign to the Reorganized Debtor if necessary to continue the Insurance Policies in full force) all of the Insurance Policies pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtor's foregoing assumption and assignment of each of the Insurance Policies.

5.5 *Modifications, Amendments, Supplements, Restatements, or Other Agreements.*

Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated, or is rejected or repudiated under this Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtor.

5.6 *Reservation of Rights.* Nothing contained in this Plan or the Plan Supplement shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor or the Reorganized Debtor, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

5.7 *Contracts and Leases Entered Into After the Petition Date.* Notwithstanding any other provision in this Plan, contracts and leases entered into after the Petition Date by the Debtor, including any Executory Contracts and Unexpired Leases assumed by the Debtor, will be performed by the Debtor or the Reorganized Debtor in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

SECTION 6. PROVISIONS GOVERNING DISTRIBUTIONS

6.1 *Timing and Calculation of Amounts to Be Distributed.* Except as otherwise provided in this Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtor shall receive the full amount of the distributions that this Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in this Plan. Except as otherwise provided for in this Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

6.2 *Disbursing Agent.* Except as otherwise provided in this Plan, all distributions under this Plan shall be made by the Reorganized Debtor as Disbursing Agent or such other Person designated by the Reorganized Debtor as a Disbursing Agent. With respect to the issuance of the 2014 Bonds, such bonds shall be deemed issued and exchanged as of the Effective Date without presentment by the beneficial owners. The Distribution Record Date in connection with the holders of the 2014 Bonds shall be as early as practicable so as to enable the Debtor, the Issuer, and their respective agents to comply with the customary practices and

procedures of the Depository Trust Company. All Cash distributions to be made to beneficial holders of the 2007 Bonds shall be made to the 2007 Bond Trustee, which shall make such distributions to the beneficial holders of the 2007 Bonds in accordance with the terms of the 2007 Indenture.

6.3 *Rights and Powers of Disbursing Agent.* The Disbursing Agent shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan; (ii) make all distributions contemplated hereby; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of this Plan.

6.4 *Payments and Distributions on Disputed Claims.* Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but that later become Allowed Claims shall be deemed to have been made on the Effective Date.

6.5 *Special Rules for Distributions to Holders of Disputed Claims.* Notwithstanding any other provision of this Plan and except as may be agreed to by the Debtor or the Reorganized Debtor, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6.6 *Delivery of Distributions in General.* Except as otherwise provided in this Plan, distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Disbursing Agent. Distributions to holders of Allowed Claims will be made at the address of each such holder as set forth in the Debtor's books and records, except that, in the case of holders of the 2007 Bonds, distributions will be made by means of book-entry exchange through the facilities of the DTC in accordance with the customary practices of the DTC, as and to the extent practicable. Distributions under this Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in this Plan. None of the Debtor, the Reorganized Debtor, or the applicable Disbursing Agent shall incur any liability whatsoever on account of any distributions under this Plan except for gross negligence, willful misconduct, or fraud.

6.7 *Undeliverable Distributions and Unclaimed Property.* In the event that any distribution to any holder is returned as undeliverable, the Disbursing Agent shall use reasonable efforts to determine the current address of such holder. No distribution to such holder shall be made unless and until the Disbursing Agent has determined such holder's then current address, at which time such distribution shall be made as soon as practicable; *provided, however,* that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of six months from the Distribution Date. After such date, all "unclaimed property" or interests in property shall revert to the Reorganized Debtor (notwithstanding any applicable federal or state escheat or abandoned or unclaimed

property laws to the contrary), and the Claim of any holder to such property shall be discharged and forever barred.

6.8 ***Withholding and Reporting Requirements.*** In connection with this Plan and all instruments issued in connection therewith, the Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under this Plan shall be subject to any such withholding or reporting requirements.

6.9 ***Setoffs.*** Except as otherwise provided herein and subject to applicable law, the Debtor may, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, setoff against any Allowed Claim (which setoff shall be made against the Allowed Claim, not against any distributions to be made under the Plan with respect to such Allowed Claim), any claims, rights, and Causes of Action of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such holder have not been otherwise released, waived, relinquished, exculpated, compromised, or settled on or prior to the Effective Date (whether pursuant to this Plan or otherwise), and any distribution to which a holder is entitled under this Plan shall be made on account of the Claim, as reduced after application of the setoff described above. In no event shall any holder of a Claim be entitled to setoff any Claim against any claim, right, or Cause of Action of the Debtor unless such holder obtains entry of a Final Order entered by the Bankruptcy Court authorizing such setoff or unless such setoff is otherwise agreed to in writing by the Debtor and a holder of a Claim; ***provided, that***, where there is no written agreement between the Debtor and a holder of a Claim authorizing such setoff, nothing herein shall prejudice or be deemed to have prejudiced the Debtor's right to assert that any holder's setoff rights were required to have been asserted by motion to the Bankruptcy Court prior to the Effective Date. This Section 6.9 shall not be applicable to the distributions to be made to or for the benefit of the beneficial holders of the 2007 Bonds.

6.10 ***Insurance Claims.*** No distributions under this Plan shall be made on account of an Allowed Claim until the holder of such Allowed Claim has exhausted all remedies with respect to the Debtor's Insurance Policies. To the extent that one or more of the Debtor's insurers agrees to satisfy in full a Claim, then immediately upon such agreement, such Claim may be expunged without an objection to such Claim having to be filed and without any further notice to, action by, or order or approval of the Bankruptcy Court.

6.11 ***Applicability of Insurance Policies.*** Except as otherwise provided in this Plan, distributions to holders of Allowed Claims shall be made in accordance with the provisions of any applicable Insurance Policy. Except as expressly provided in this Plan, nothing contained in this Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtor or any Person may hold against any other Person, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

6.12 ***Allocation of Distributions Between Principal and Unpaid Interest.*** With the exception of distributions on account of the 2007 Bonds, which shall be treated as

provided in Classes 2 and 3 herein, to the extent that any Claim entitled to a distribution under this Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, for U.S. federal income tax purposes, be allocated on the Debtor's books and records to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the accrued but unpaid interest.

6.13 ***Interest on Claims.*** Unless otherwise specifically provided for in this Plan (including interest payable under the 2007 Bonds), postpetition interest will not accrue or be paid on Claims, and no Claim holder will be entitled to interest accruing on or after the Petition Date on any Claim. Similarly, unless otherwise specifically provided for in this Plan, postpetition interest will not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

SECTION 7. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

7.1 ***Prosecution of Objections to Claims.*** The Debtor or the Reorganized Debtor, as applicable, shall have the exclusive authority to file, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under this Plan. From and after the Effective Date, the Reorganized Debtor may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Reorganized Debtor reserves all rights to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

7.2 ***Allowance of Claims.*** Except as expressly provided in this Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), the Reorganized Debtor after the Effective Date will have and retain any and all rights and defenses held by the Debtor with respect to any Claim as of the Petition Date. All Claims of any Person against the Debtor shall be disallowed unless and until such Person pays, in full, the amount it owes the Debtor. This section shall not be applicable to the 2007 Bond Trustee or the beneficial holders of the 2007 Bonds.

7.3 ***Distributions After Allowance.*** As soon as practicable following the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under this Plan, without any interest to be paid on account of such Claim.

7.4 ***Estimation of Claims.*** The Debtor (before the Effective Date) or the Reorganized Debtor (on or after the Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim

or a maximum limitation on such Claim against any party or Person, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor or the Reorganized Debtor, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in this Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

SECTION 8. SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

8.1 *Compromise and Settlement of Claims, Interests and Controversies.*

Pursuant to section 1123 of the Bankruptcy Code and Federal Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to this Plan, the provisions of this Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of this Plan, pursuant to section 363 of the Bankruptcy Code and Federal Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against it and Causes of Action against other Persons.

8.2 *Releases by the Debtor.* Pursuant to section 1123(b) of the Bankruptcy

Code, as of the Effective Date, and except as otherwise specifically provided in this Plan, the Plan Supplement, or the Confirmation Order, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by this Plan, the Released Parties are deemed released and discharged by the Debtor, the Reorganized Debtor, and the Estate from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, setoffs, recoupments, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that the Debtor, the Reorganized Debtor, the Estate, or the Released Parties would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest, or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor's restructuring, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between the Debtor and any Released Party, the

restructuring of Claims and Interests before or during the Chapter 11 Case, the negotiation, formulation, or preparation of this Plan and the Disclosure Statement, the Plan Supplement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence relating to the Debtor taking place on or before the Effective Date (collectively, the “**Debtor Released Claims**”), other than claims or liabilities arising out of or relating to any act or omission of a Released Party or a former officer or director of the Debtor that constitutes willful misconduct (including fraud) or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under this Plan or any document, instrument, or agreement (including the Plan Supplement, inclusive of the 2014 Bond Documents) executed to implement this Plan.

8.3 Releases by Holders of Claims. As of the Effective Date and except as otherwise specifically provided in this Plan, the Plan Supplement, or the Confirmation Order, for good and valuable consideration, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtor, the Reorganized Debtor, the Estate, and the Released Parties from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, setoffs, recoupments, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor’s restructuring, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Case, the negotiation, formulation, or preparation of this Plan, the Disclosure Statement, the Plan Supplement or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event or other occurrence relating to the Debtor taking place on or before the Effective Date (collectively, “**Released Claims**”), other than claims or liabilities arising out of or relating to any act or omission of a Released Party or a former officer or director of the Debtor that constitutes willful misconduct (including fraud) or gross negligence; **provided, however**, that this Plan shall not release the Debtor, the Reorganized Debtor, and the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act of 1933 (as now in effect or hereafter amended), or other securities laws of the United States or any domestic state, city, or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under this Plan or any document, instrument, or agreement (including the Plan Supplement, inclusive of the 2014 Bond Documents) executed to implement this Plan.

8.4 ***Exculpation.*** Upon and effective as of the Effective Date, the Debtor and its officers, employees, attorneys, investment bankers, financial advisors, and other professional advisors and agents will be deemed to have solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including section 1125(e) of the Bankruptcy Code.

Except with respect to any acts or omissions expressly set forth in and preserved by this Plan, the Plan Supplement, or any related documents, the Exculpated Parties shall neither have, nor incur any liability to any entity for any prepetition or postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming, or effecting this Plan or any contract, instrument, release, or other agreement or document created or entered into in connection with this Plan, the filing of the Chapter 11 Case, the pursuit of confirmation of this Plan, the administration and implementation of this Plan, the distribution of property under this Plan, or any other related agreement or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtor; ***provided, that*** the foregoing “exculpation” shall have no effect on the liability of any entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct (including fraud); ***provided further, that*** each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, this Plan or any other related document, instrument, or agreement.

8.5 ***Discharge of Claims.*** Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Bar Date Order, in this Plan, or in any contract, instrument, or other agreement or document created pursuant to this Plan (including, but not limited to, the 2014 Bond Documents), the distributions, rights, and treatment that are provided in this Plan shall be in full and final satisfaction, settlement, release, and discharge, effective as of the Effective Date, of all Claims and Causes of Action of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, and rights against the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Claims, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a Proof of Claim based upon such Claim, debt, or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim based upon such Claim, debt, or right is Allowed pursuant to section 502 of the Bankruptcy Code; or (iii) the holder of such a Claim has accepted this Plan. Except as otherwise provided herein, any default by the Debtor with respect to any Claim that existed before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims subject to the Effective Date occurring, except as otherwise expressly provided in this Plan.

8.6 ***Injunction.*** FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF

OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2014 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTOR OR ANY OF ITS ASSETS, PROPERTY, OR ESTATE. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THIS PLAN (INCLUDING, BUT NOT

LIMITED TO, THE OBLIGATIONS RELATING TO THE 2014 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTOR'S LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502(g) OF THE BANKRUPTCY CODE.

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR, THE DEBTOR'S ESTATE, THE REORGANIZED DEBTOR, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

8.7 *Term of Injunctions or Stays.* Unless otherwise provided in this Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in this Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

8.8 *Protection Against Discriminatory Treatment.* Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Persons, including governmental units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Reorganized Debtor or another Person with whom the Reorganized Debtor has been associated, solely because the Debtor has been a debtor under Chapter 11, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before the Debtor is granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Case.

8.9 *Release of Liens.* Except as otherwise provided in this Plan, the 2014 Bond Documents, or any contract, instrument, release, or other agreement or document created pursuant to this Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to this Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtor and its successors and assigns. For the avoidance of doubt, except as otherwise provided in this Plan (including the Plan Supplement, inclusive of the 2014 Bond Documents), all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged on the Effective Date without any further action of any party,

including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

SECTION 9. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

9.1 ***Conditions Precedent to the Effective Date.*** It shall be a condition precedent to the Effective Date that each of the following provisions, terms, and conditions shall have been satisfied or waived pursuant to the provisions of this Plan.

- (a) The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Debtor and the 2007 Bond Trustee, which Confirmation Order shall not be subject to any stay and shall be a Final Order, and which Confirmation Order shall include or provide, among other things:
 - (i) a finding by the Bankruptcy Court that the Series 2014 Bonds to be issued on the Effective Date will be authorized and exempt from registration under the applicable securities law, pursuant to section 1145 of the Bankruptcy Code;
 - (ii) all provisions, terms and conditions of the Plan and related documents are approved; and
 - (iii) all Executory Contracts or Unexpired Leases assumed by the Debtor during the Chapter 11 Case including under the Plan shall remain in full force and effect for the benefit of the Reorganized Debtor or its assignee notwithstanding any provision in such contract or lease (including those described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables, permits, or requires termination of such contract or lease;
- (b) The Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement as containing adequate information within the meaning of section 1125 of the Bankruptcy Code;
- (c) The 2014 Bonds shall be issued;
- (d) In connection with issuance of the 2014 Bonds, the 2014 Bond Trustee shall have received a satisfactory opinion of bond counsel that the interest on the 2014 Bonds will be excluded from gross income for federal tax purposes;
- (e) A Trigger Date (as defined in the Escrow Agreement) shall have occurred, and the Escrowed Funds (as defined in the Escrow Agreement) shall have been released into the Entrance Fee Fund pursuant to the terms of the Escrow Agreement;

- (f) The Plan and all Plan Supplement documents, including any amendments, modifications, or supplements thereto, shall be in form and substance acceptable to the 2007 Bond Trustee;
- (g) All payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtor shall have sufficient Cash on such date to make such payments;
- (h) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained;
- (i) All other actions, documents and agreements necessary to implement the Plan shall be in form and substance acceptable to the 2007 Bond Trustee and shall have been effected or executed; and
- (j) The Effective Date shall be on or before November 28, 2014.

9.2 ***Waiver of Conditions.*** The conditions to the Effective Date set forth herein may be waived at any time by the Debtor (except for (i) the Confirmation Order being satisfactory to the 2007 Bond Trustee, (ii) the issuance of the 2014 Bonds, (iii) the bond counsel opinion referred to in Section 9.1(d) above, (iv) the condition that the aforementioned documents and orders be reasonably acceptable to the 2007 Bond Trustee, and (v) the Effective Date shall be on or before November 28, 2014; ***provided, however,*** that the Debtor may not waive entry of an order or orders approving the Disclosure Statement and confirming this Plan.

9.3 ***Effect of Failure of Conditions.*** If the Effective Date does not occur, this Plan shall be null and void in all respects and nothing contained in this Plan or the Disclosure Statement shall: (i) constitute a waiver or release of any claims by or Claims against the Debtor; (ii) prejudice in any manner the rights of the Debtor, any holders of Claims, or any other Person; or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Debtor, any holders, or any other Person in any respect.

SECTION 10. MODIFICATION, REVOCATION OR WITHDRAWAL OF THIS PLAN

10.1 ***Modification and Amendments.*** Except as otherwise specifically provided herein, the Debtor reserves the right to modify this Plan as to material terms and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Federal Bankruptcy Rule 3019 and those restrictions on modifications set forth in this Plan, the Debtor expressly reserves its right to alter, amend, or modify materially this Plan one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify this Plan or remedy any defect or omission, or reconcile any inconsistencies in this Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of this Plan, ***provided, however,*** that, except with the prior written consent of each of the 2007 Bond Trustee and the Consenting Holders, the Debtor may not alter, amend, or modify this Plan in any manner that (i) alters or affects the rights or interests of the 2007 Bond Trustee or the

holders of the 2007 Bonds, (ii) alters or affects the treatment of the Series 2007A/B Bond Claims or the Series 2007C Bond Claims under this Plan, (iii) alters or affects the terms or characteristics of the 2014 Bonds as set forth in this Plan prior to such alteration, amendment, or modification, or (iv) is inconsistent with the terms of the Plan Support Agreement. Any such modification or supplement shall be considered a modification of this Plan and shall be made in accordance with this Plan. For the avoidance of doubt, nothing in this Section 10.1 shall be deemed to supplant or supersede the requirements of Federal Bankruptcy Rule 3019.

10.2 *Effect of Confirmation on Modifications.* Entry of the Confirmation Order shall mean that all modifications or amendments to this Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Federal Bankruptcy Rule 3019.

10.3 *Revocation or Withdrawal of this Plan.* The Debtor reserves the right to, consistent with its fiduciary duties, revoke or withdraw this Plan before the Effective Date. If the Debtor revokes or withdraws this Plan, or if confirmation does not occur, then: (i) this Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of any Executory Contract or Unexpired Lease effected by this Plan, and any document or agreement executed pursuant to this Plan, shall be deemed null and void, and (iii) nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtor or any other Person; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtor or any other Person.

SECTION 11. RETENTION OF JURISDICTION

11.1 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case and all matters arising out of or related to the Chapter 11 Case and this Plan, including jurisdiction to:

- (a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- (b) decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or this Plan;

- (c) resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which the Debtor is party or with respect to which the Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including rejection Claims, cure Claims pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed, (iii) the Reorganized Debtor amending, modifying, or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected, and (iv) any dispute regarding whether a contract or lease is or was executory or unexpired;
- (d) ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;
- (e) adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;
- (f) adjudicate, decide, or resolve any and all matters related to any Cause of Action;
- (g) adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
- (h) enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;
- (i) resolve any avoidance or recovery actions under sections 105, 502(d), 542 through 551, and 553 of the Bankruptcy Code;
- (j) resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation of this Plan or any Person's obligations incurred in connection with this Plan (exclusive of the obligations arising under the 2014 Bonds);
- (k) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or

appropriate to restrain interference by any Person with consummation or enforcement of this Plan;

- (l) resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the discharge, releases, injunctions, exculpations, indemnifications, and other provisions contained in this Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- (m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- (n) adjudicate any and all disputes arising from or relating to distributions under this Plan;
- (o) consider any modifications of this Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- (p) determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;
- (q) hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with this Plan (exclusive of those documents relating to the 2014 Bonds);
- (r) hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (s) hear and determine all disputes involving the existence, nature, or scope of the Debtor's discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;
- (t) enforce all orders previously entered by the Bankruptcy Court;

- (u) hear any other matter not inconsistent with the Bankruptcy Code; and
- (v) enter an order concluding or closing the Chapter 11 Case.

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 *Immediate Binding Effect.* Notwithstanding Federal Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor, and any and all holders of Claims or Interests (irrespective of whether such holders of Claims or Interests are deemed to have accepted this Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, exculpation, discharges, and injunctions described in this Plan, each Person acquiring property under this Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor.

12.2 *Additional Documents.* On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan, subject to the consent of the 2007 Bond Trustee. The Debtor or the Reorganized Debtor, as applicable, and all holders of Claims receiving distributions pursuant to this Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

12.3 *Dissolution of Any Committees.* On the Effective Date, Committees, if any, shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Case.

12.4 *Reservation of Rights.* Except as expressly set forth in this Plan, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of this Plan, any statement or provision contained in this Plan, or any action taken or not taken by the Debtor or other Person with respect to this Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor or other Person with respect to the holders of Claims or Interests before the Effective Date.

12.5 *Successors and Assigns.* The rights, benefits, and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiary, or guardian, if any, of such Person.

12.6 *Votes Solicited in Good Faith.* Upon entry of the Confirmation Order, the Debtor will be deemed to have solicited votes on this Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtor and its respective affiliates, agents,

representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under this Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on this Plan or the offer, issuance, sale, or purchase of the 2014 Bonds offered under this Plan.

12.7 *Closing of Chapter 11 Case.* The Debtor or the Reorganized Debtor shall, promptly after the full administration of the Chapter 11 Case, file with the Bankruptcy Court all documents required by Federal Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Case.

12.8 *Notices.* All notices or requests in connection with this Plan shall be in writing and given by mail addressed to:

CADWALADER, WICKERSHAM & TAFT LLP
Attn: Ingrid Bagby, Esq. and Christopher Updike, Esq.
One World Financial Center
New York, New York 10281
Telephone: (212) 504-6000
Facsimile: (212) 504-6666

Amsterdam House Continuing Care Retirement Community, Inc.
Attn: James Davis
300 East Overlook
Port Washington, NY 11050
Telephone: (212) 316-7711
Facsimile: (212) 662-1793
Email: jdavis@amsterdamnh.org

All notices and requests to Persons holding any Claim in any Class shall be sent to them at their last known address or to the last known address of their attorney of record in this Chapter 11 Case. Any such holder of a Claim may designate in writing any other address for purposes of this Section 12.8, which designation will be effective upon receipt by the Debtor.

12.9 *Headings.* The headings used in this Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner affect the construction of the provisions of this Plan.

12.10 *Severability.* If, prior to confirmation, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan

will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation.

12.11 ***Validity and Enforceability.*** The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in this Plan be determined by the Bankruptcy Court or any appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of this Plan.

12.12 ***Plan Supplement.*** Any exhibits or schedules not filed with this Plan may be contained in the Plan Supplement, if any, and the Debtor hereby reserves the right to file such a Plan Supplement.

12.13 ***Governing Law.*** Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflicts of laws, shall govern the rights, obligations, construction, and implementation of this Plan and the restructuring transactions consummated or to be consummated in connection therewith.

12.14 ***Request for Confirmation Pursuant to Sections 1129(a) and 1129(b) of the Bankruptcy Code.*** The Debtor requests entry of a Confirmation Order under Bankruptcy Code section 1129(a) and, to the extent necessary, Bankruptcy Code section 1129(b).

Dated: September 2, 2014

Respectfully submitted,

**Amsterdam House Continuing Care
Retirement Community, Inc.**

By: /s/ James Davis

Name: James Davis

Title: President and Chief Executive Officer

Schedule A

The Series 2007A Bonds will be exchanged as follows:

| Series 2007A Bonds | | | Series 2014A Bonds | | | Series 2014C Bonds ² | Cash Distribution ³ |
|------------------------------|-------------------------------|------------------------|--------------------|----------------------|---------------|---------------------------------|--------------------------------|
| Outstanding Principal Amount | Original Maturity (January 1) | Original Interest Rate | Principal Amount | Maturity (January 1) | Interest Rate | | |
| \$8,340,000 | 2018 | 5.875% | \$6,255,000 | 2023 | 5.875% | \$2,256,491 | \$28,581.88 |
| \$28,165,000 | 2027 | 6.500% | \$21,123,750 | 2032 | 6.500% | 7,682,004 | 106,792.29 |
| \$127,880,000 | 2043 | 6.700% | \$95,910,000 | 2049 | 6.700% | 34,968,786 | 499,797.67 |

The Series 2007B Bonds will be exchanged as follows:

| Series 2007B Bonds | | | Series 2014A Bonds | | | Series 2014C Bonds ¹ | Cash Distribution ² |
|------------------------------|-------------------------------|------------------------|--------------------|----------------------|---------------|---------------------------------|--------------------------------|
| Outstanding Principal Amount | Original Maturity (January 1) | Original Interest Rate | Principal Amount | Maturity (January 1) | Interest Rate | | |
| \$8,500,000 | 2028 | Adjustable | \$6,375,000 | 2034 | 6.500% | \$2,318,375 | \$49,335.42 |

The Series 2007C Bonds will be exchanged as follows:

| Series 2007C Bonds | | | Series 2014A Bonds | | | Series 2014B Bonds ⁴ | Series 2014C Bonds ¹ | Cash Distribution ² |
|------------------------------|-------------------------------|------------------------|--------------------|----------------------|---------------|---------------------------------|---------------------------------|--------------------------------|
| Outstanding Principal Amount | Original Maturity (January 1) | Original Interest Rate | Principal Amount | Maturity (January 1) | Interest Rate | | | |
| \$47,685,000 | 2028 | Variable | \$11,921,250 | 2034 | 6.500% | \$23,842,500 | \$12,905,945 | \$1,012,489.73 |

² Equals 25% of the outstanding principal amount of the Series 2007 Bonds, plus interest accrued from the Petition Date through the Effective Date, at the post-petition rate of interest for the Series 2007A Bonds and Series 2007B Bonds and 5.9% per annum for the Series 2007C Bonds. Assumes a Petition Date of July 22, 2014 and an Effective Date of November 28, 2014. The Series 2014C Bonds bear interest at 2.0% per annum and mature on January 1, 2049.

³ Equal interest accrued to, but not including the Petition Date of July 22, 2014.

⁴ The Series 2014B Bonds mature on July 1, 2020 and bear interest at 5.50% per annum.

Exhibit A

FOR SETTLEMENT DISCUSSIONS ONLY
SUBJECT TO FEDERAL RULE OF EVIDENCE 408
TO BE FILED

RESTRUCTURING TERM SHEET

This Restructuring Term Sheet (this “***Term Sheet***”), dated as of July 21, 2014 (the “***Execution Date***”), sets forth certain of the principal terms and conditions of a financial restructuring (the “***Restructuring Transaction***”) of the outstanding indebtedness of Amsterdam House Continuing Care Retirement Community, Inc. (“***Amsterdam***” or the “***Debtor***”), including, without limitation, (i) \$167,895,000 Nassau County Industrial Development Agency Continuing Care Retirement Community Fixed Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007A (the “***Series 2007A Bonds***”), (ii) \$8,500,000 Nassau County Industrial Development Agency Continuing Care Retirement Community Adjustable Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007B (the “***Series 2007B Bonds***”), and (iii) \$95,100,000 Nassau County Industrial Development Agency Continuing Care Retirement Community Variable Rate Demand Revenue Bonds (Amsterdam at Harborside Project) Series 2007C (the “***Series 2007C Bonds***” and together with the Series 2007A Bonds and the Series 2007B Bonds, the “***Series 2007 Bonds***”) pursuant to that certain Indenture of Trust (the “***2007 Indenture***”), dated as of December 1, 2007, between the Nassau County Industrial Development Agency (the “***Issuer***”) and UMB Bank, n.a., as trustee (the “***Trustee***”).

The Restructuring Transaction contemplates, among other things, an exchange of the outstanding Series 2007 Bonds in the aggregate principal amount of approximately \$222,375,000, plus accrued and unpaid interest thereon, as provided for herein, for new Series 2014A Bonds, Series 2014B Bonds and Series 2014C Bonds (as such terms are hereinafter defined). This Term Sheet contemplates the consummation of the Restructuring Transaction through a plan of reorganization (the “***Plan***”) in a chapter 11 proceeding of Amsterdam (the “***Anticipated Bankruptcy Proceeding***”) pending before a court of competent jurisdiction (the “***Bankruptcy Court***”) as more fully described below.

This Term Sheet and the undertakings contemplated herein are subject in all respects to the negotiation, execution and delivery of mutually acceptable definitive documentation between Amsterdam, the Issuer, the Trustee, and the members of an informal steering committee comprised of bondholders currently holding 75% of the outstanding aggregate principal amount of Series 2007 Bonds (the “***Steering Committee***”). This Term Sheet is not and shall not be deemed to be a solicitation of votes for the acceptance of the Plan or any plan of reorganization.

THE TERM SHEET IS BEING PROVIDED AS PART OF A COMPREHENSIVE COMPROMISE AND SETTLEMENT, EACH ELEMENT OF WHICH IS CONSIDERATION FOR THE OTHER ELEMENTS AND AN INTEGRAL ASPECT OF THE PROPOSED RESTRUCTURING OF THE SERIES 2007 BONDS. THE TERM SHEET IS SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND COMPARABLE STATE STATUTES. NOTHING IN THE TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, SOLELY FOR SETTLEMENT PURPOSES, WITH A FULL RESERVATION AS TO ALL RIGHTS, REMEDIES AND DEFENSES OF

AMSTERDAM, THE TRUSTEE, THE STEERING COMMITTEE, AND ALL OTHER PARTIES.

Capitalized terms not otherwise defined herein shall have the meanings given to them in the 2007 Indenture.

A. Implementation of Restructuring Transaction

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| Plan Process | <p>The Restructuring Transaction will be implemented through the Plan. The Series 2014A Bonds, Series 2014B Bonds and Series 2014C Bonds (each as defined below and collectively, the “<i>Series 2014 Bonds</i>”) will be issued on the effective date of the Plan (the “<i>Effective Date</i>”) pursuant to an Indenture of Trust (“<i>2014 Indenture</i>” and together with all related documents necessary for the issuance of the Series 2014 Bonds, the “<i>2014 Bond Documents</i>”) between the Issuer and the Trustee.</p> <p>The Plan contemplates acceptances from the holders of at least two-thirds in dollar amount and a majority in number of the holders of the Series 2007 Bonds that vote to accept or reject the Plan.</p> <p>Amsterdam will file in the Anticipated Bankruptcy Proceeding a Plan and disclosure statement to the Plan (the “<i>Disclosure Statement</i>”), that is acceptable to the Trustee, which contains the terms and conditions outlined in the Term Sheet, on the timeline set forth below. Prior to the filing of the Anticipated Bankruptcy Proceeding, Amsterdam shall provide the Plan, Disclosure Statement, Cash Collateral Agreement (defined herein) and all other principal documents associated with the Anticipated Bankruptcy Proceeding (collectively, the “<i>Bankruptcy Documents</i>”) to the Trustee for its review and consent. Any substantive amendments, modifications or supplements to the Bankruptcy Documents shall be reviewed by, and acceptable to, the Trustee; provided, however, that no amendment, modification, or supplement shall be materially different from the Term Sheet.</p> |
| Plan Support | <p>Prior to the commencement of the Anticipated Bankruptcy Proceeding, and subject to the timeline set forth herein, the Steering Committee agrees to take all necessary steps to enter into a binding plan support agreement (the “<i>Plan Support Agreement</i>”) concerning the Steering Committee’s commitment to and support of the Plan.</p> <p>The Steering Committee agrees to take all steps necessary to support confirmation of the Plan, pursuant to the terms of the Plan Support Agreement, and the Steering Committee agrees to not take any actions inconsistent with this Term Sheet, and to direct the Trustee not to take any actions inconsistent with this Term Sheet. The Steering Committee agrees to vote or cause to be voted all such claims that the Steering Committee’s members control, or have the ability to control, to accept the Plan by delivering a duly executed and completed ballot or ballots, as applicable, accepting the Plan on a timely basis pursuant to the ongoing solicitation of votes for the Plan and shall not change such vote. The Steering Committee agrees not to vote or cause to be voted (to the extent applicable) any of the claims that the Steering Committee’s members hold, control, or have the ability to control to reject the Plan, and agree not to otherwise commence any proceeding to oppose the Plan or object to confirmation thereof. All such actions by the Steering Committee are subject to the terms of the Plan Support Agreement.</p> |
| Forbearance Period Extension | <p>The Trustee and Amsterdam agree to take all necessary steps to enter into a further amendment (the “<i>Amendment</i>”) to the Amended and Restated Forbearance Agreement, dated March 21, 2014 (“<i>Amended and Restated Forbearance Agreement</i>”), extending the Forbearance Period (as defined in the Amended and Restated Forbearance Agreement) through the earlier of the date of commencement of the Anticipated Bankruptcy Proceeding (the “<i>Petition Date</i>”) or July 25, 2014.</p> |

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| Steering Committee Retention of Bonds and Claims | The Steering Committee agrees that it shall not sell, transfer, assign, or otherwise dispose of, directly or indirectly, any of the Series 2007 Bonds, or any right, claim, or interest (voting or otherwise) related to or arising from the Series 2007 Bonds, held by its respective members, subject to the terms and conditions of the Plan Support Agreement. |
| Escrow of Entrance Fees Received Post- Petition | All Entrance Fees received after the commencement of the Anticipated Bankruptcy Proceeding but before the Effective Date (" Escrowed Entrance Fees ") shall be held in escrow solely for the benefit of the corresponding resident, and shall not constitute property of the Debtor's bankruptcy estate. Amsterdam will file a first-day motion in the Anticipated Bankruptcy Proceeding requesting authority to effectuate such escrow, pursuant to an Initial Entrance Fee escrow agreement acceptable to the Trustee. |
| Assumption of Residence Agreements and Related Obligations | The Plan shall provide that Amsterdam will assume all existing Residence Agreements, including but not limited to those agreements with residents of Amsterdam's Assisted Living Units and Nursing Center and their related obligations, including the obligation of Amsterdam to pay any resident refunds required to be satisfied under the terms of the Residence Agreements (" Refunds "). |
| Trade Creditor and Vendor Claims Paid in Full | The Plan shall provide that the claims of all trade creditors and vendors shall be paid in full. |

B. Terms of Restructuring

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| Exchange | <p>On the Effective Date, the holders of the Series 2007A Bonds and Series 2007B Bonds shall exchange the then outstanding Series 2007A Bonds and Series 2007B Bonds for a pro rata share of (i) certain Series 2014A Bonds issued in the aggregate principal amount equal to 75% of the then outstanding Series 2007A Bonds and Series 2007B Bonds and (ii) certain Series 2014C Bonds issued in the aggregate principal amount equal to (A) 25% of the then outstanding Series 2007A Bonds and Series 2007B Bonds, plus (B) interest accrued on such Series 2007 Bonds from the Petition Date through the Effective Date at the post-effective restructuring rate of interest.</p> <p>On the Effective Date, the holders of the Series 2007C Bonds shall exchange their Series 2007C Bonds for a pro rata share of (i) certain Series 2014A Bonds issued in the aggregate principal amount equal to \$11,921,250, (ii) certain Series 2014B Bonds issued in the aggregate principal amount equal to \$23,842,500, and (iii) certain Series 2014C Bonds issued in the aggregate principal amount equal to (A) 25% of the then outstanding Series 2007C Bonds, plus (B) interest accrued on such Series 2007 Bonds from the Petition Date through the Effective Date at 5.9% per annum.</p> |
| Series 2014A Bonds | <p>The Series 2014A Bonds shall be issued as current paying bonds with an aggregate principal amount equal to (i) approximately 75% of the then outstanding principal amount of the Series 2007A Bonds and Series 2007B Bonds, plus (ii) \$11,921,250 with respect to the Series 2007C Bonds. The Series 2014A Bonds shall bear interest at and have maturities in the years and in principal amounts as set forth on Schedule 1 hereto. The Series 2014A Bonds shall further be subject to mandatory redemption/amortization as set forth in Schedule 2 hereto. Interest on the Series 2014A Bonds shall be payable semiannually following the Effective Date and principal shall be paid annually as set forth in Schedule 2.</p> <p>The Series 2014A Bonds will be secured by a first priority lien on all assets of Amsterdam (except for Entrance Fees) <i>pari passu</i> with the Series 2014B Bonds and a second priority lien on Entrance Fees. The Series 2014A Bond shall mature in 35 years.</p> <p>The Series 2014A Bonds will be subject to optional redemption prior to maturity commencing on the 10th year after the Effective Date at a price equal to: in year 10, at a price of 101% and thereafter at par.</p> |

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| Series 2014B Bonds | <p>The Series 2014B Bonds shall be issued as current paying bonds with an aggregate principal amount equal to \$23,842,500 at the Effective Date. The Series 2014B Bonds shall bear interest at 5.5%, payable semiannually, maturing in 5.5 years. The Series 2014B Bonds shall be subject to mandatory redemption from Entrance Fees, as set forth below.</p> <p>The Series 2014B Bonds will be secured by a first priority lien on Entrance Fees and shall be secured <i>pari passu</i> with the Series 2014A Bonds on the other assets of Amsterdam.</p> |
| Series 2014C Bonds | <p>The Series 2014C Bonds (the “<i>Series 2014C Bonds</i>”) shall be issued in an aggregate principal amount equal to (A) approximately 25% of the then outstanding principal amount of the Bonds as of the Effective Date, plus (B) interest accrued on the Series 2007 Bonds from the Petition Date through the Effective Date at the post-effective restructuring rate of interest; provided that for the Series 2007C Bonds, at 5.9% per annum.</p> <p>The Series 2014C Bonds shall bear interest at 2%, payable semiannually, but only to the extent of Excess Cash (defined below), in accordance with the Distribution Waterfall (defined below), applied first to accrued interest, then to principal. The Series 2014C Bonds shall mature in 35 years.</p> <p>Any balance outstanding on the Series 2014C Bonds at final maturity shall be due and payable in full.</p> <p>The Series 2014C Bonds will be secured by a lien on all assets of Amsterdam subordinate to the lien securing the Series 2014A Bonds and Series 2014B Bonds.</p> |
| Priority/Security | <p>The Series 2014A Bonds and the Series 2014B Bonds will be <i>pari passu</i>, secured by a first priority lien on all assets of Amsterdam (except Entrance Fees) and will be senior to the Series 2014C Bonds in repayment and security. The Series 2014B Bonds will have a first priority lien on all Entrance Fees and the Series 2014A Bonds will have a second priority lien on all Entrance Fees. The Series 2014C Bonds will be secured by a lien on all assets of Amsterdam subordinate to the lien securing the Series 2014A Bonds and Series 2014B Bonds.</p> |
| Subordinate Obligations | <p>The \$3,000,000 Subvention Certificate to Amsterdam from Amsterdam Continuing Care Health System, Inc., dated March 31, 2004 (the “<i>Subvention</i>”), shall be assumed by Amsterdam as part of the Restructuring Transaction and the Plan, and shall continue to be enforceable according to its terms, provided that the Subvention is amended to reflect that no amounts thereon shall be paid until the Series 2014 Bonds are paid in full and it is confirmed that the Subvention has no negative impact on the actuarial analysis relating to the restructuring.</p> |
| Advisory Agreements | <p>The third party services advisors for Amsterdam (which as of the date hereof includes Amsterdam Consulting, LLC, Greystone Development Company II, LP and Greystone Management Services Company, LLC) and the terms and conditions of their respective agreements as of the Effective Date shall be as agreed to by Amsterdam with the reasonable approval of the Trustee.</p> |
| Mount Sinai CCRC Property and Contribution by Sponsor | <p>Amsterdam Continuing Care Health System, Inc. (the “<i>Sponsor</i>”) understands that subject to the approval of the NYS Department of Health (“<i>DOH</i>”), the owner of the property in Mount Sinai, NY intended for development as a CCRC is in negotiations to sell the property to a third party who will assume the obligations under the HEAL Grant issued previously. If DOH agrees to the assignment of the HEAL Grant, upon completion of the sale, neither the Sponsor nor any other Amsterdam affiliate shall have any obligations under the HEAL Grant.</p> <p>Moreover, neither Amsterdam nor its Sponsor shall engage in any conduct within the within the primary market area or secondary market area of the Amsterdam at Harborside facility that competes with the sales efforts of the Amsterdam at Harborside facility. For the purposes of foregoing, “primary market area” is as defined in the feasibility study prepared</p> |

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| | by Dixon Hughes PLLC in connection with the issuance of the Series 2007 Bonds and “secondary market area” means the area within the following zip codes: 11001, 11003, 11004, 11005, 11010, 11042, 11354, 11355, 11356, 11357, 11358, 11359, 11360, 11361, 11362, 11363, 11364, 11365, 11366, 11367, 11375, 11423, 11426, 11427, 11428, 11429, 11439, 11549, 11550, 11552, 11553, 11554, 11797, 11801 and 11803. |
| Indenture Held/Amsterdam Held Funds | |
| Operating Account | Upon the Effective Date, Amsterdam shall hold and maintain an operating account (the “ Operating Account ”), which shall be subject to the lien of the Trustee under the 2014 Indenture pursuant to a deposit account control agreement with a depository bank that is reasonably acceptable to the Trustee. The Operating Account shall contain no more than 45 Days Cash on Hand as an unrestricted reserve amount funded as of the Effective Date (the “ Unrestricted Reserve Amount ”). The Unrestricted Reserve Amount may be increased by Amsterdam’s share of the Excess Cash received pursuant to the Distribution Waterfall below until the Unrestricted Reserve Amount equals 120 Days Cash on Hand (the “ Unrestricted Reserve Cap ”). |
| Entrance Fee Fund | Upon the Effective Date, Amsterdam shall maintain the existing Entrance Fee Fund under the 2014 Indenture. After the Effective Date, pursuant to the 2014 Indenture, all Entrance Fees of Amsterdam shall be required to be deposited in the Entrance Fee Fund until the Series 2014B Bonds are paid in full. Entrance Fees will only be transferred from the Entrance Fee Fund after any applicable rescission rights under the Residence Agreements have expired. Entrance Fees on deposit in the Entrance Fee Fund shall be applied on a monthly basis as follows: <ol style="list-style-type: none">1. To pay any Refunds;2. To replenish the balance of the Operating Reserve Fund and the Operating Account to a combined total of 175 Days Cash on Hand;3. To redeem Series 2014B Bonds in authorized denominations; and4. After payment in full of the Series 2014B Bonds, any remaining Entrance Fee amounts will be transferred to the Revenue Fund (as defined herein) and shall be available to flow through the Distribution Waterfall (as defined herein). |
| Revenue Fund | The 2014 Indenture shall establish a Revenue Fund with the Trustee, subject to the lien of the 2014 Indenture, pursuant to which all revenues and other income of Amsterdam (the “ Revenues ”), shall, upon the Effective Date, be deposited into a revenue fund (the “ Revenue Fund ”). Funds from the Revenue Fund shall be withdrawn pursuant to the Distribution Waterfall below. |
| Operating Reserve Fund | Upon the Effective Date, Amsterdam shall maintain the existing Operating Reserve Fund with the Trustee, subject to the lien of the 2014 Indenture, and fund such Operating Reserve Fund with an amount such that Amsterdam shall have 130 Days Cash on Hand ⁵ as of the |

⁵ The term “**Days Cash on Hand**” means the sum of the amount in the Operating Reserve Fund and the Operating Account (collectively, “**Total Available Cash**”) divided by average daily cash expenditures. Average daily cash expenditures is defined as reported expenses per Amsterdam’ income statement (including any interest expenses) less depreciation and amortization (the “**Cash Operating Expenses**”) for the three (3) months preceding the measurement date multiplied by a multiple of four (4) and divided by 365 days. The Days Cash on Hand will be calculated and reported on a quarterly basis; however, Amsterdam shall produce monthly reports thirty (30) days following each month with respect to the Operating Reserve Fund until the later of Stabilized Occupancy (as defined in the 2014 Indenture) or the payment in full of the Series 2014B Bonds.

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| | Effective Date. The amounts in the Operating Reserve Fund shall be available to Amsterdam for Operating Expenses (as defined herein) including those set forth in the First, Second, and Third of the Distribution Waterfall. |
| Bond Fund | Upon the Effective Date, Amsterdam shall establish a Bond Fund (the “ Bond Fund ”) under the 2014 Indenture, subject to the lien of the 2014 Indenture, with subaccounts for each series of Series 2014 Bonds. In accordance with the Distribution Waterfall below, the Bond Fund will receive (i) the monthly payments of principal and interest due and payable under the Series 2014A Bonds and Series 2014B Bonds, and (ii) Excess Cash (as defined below and to the extent provided for in the Distribution Waterfall) with such amounts then being distributed to the holders of the Series 2014C Bonds. |
| Debt Service Reserve Fund | Upon the Effective Date, Amsterdam shall establish a Debt Service Reserve Fund (the “ Debt Service Reserve Fund ”) under the 2014 Indenture, subject to the lien of the 2014 Indenture to secure payment of the Series 2014A Bonds and Series 2014B Bonds. All amounts held by the Trustee in the Debt Service Reserve Fund with respect to the Series 2007 Bonds shall be transferred to the new Debt Service Reserve Fund. The Debt Service Reserve Fund shall not become an asset of Amsterdam, but shall remain funds held by the Trustee for the benefit of the holders of the Series 2014A Bonds and Series 2014B Bonds. The Debt Service Reserve Fund Requirement shall equal (i) until the Series 2014B Bonds are paid in full, Annual Debt Service, which shall be satisfied prior to the commencement of the redemption of the Series 2014B Bonds and (ii) thereafter, Maximum Annual Debt Service. After payment in full of the Series 2014A Bonds and Series 2014B Bonds, the Debt Service Reserve Fund shall secure payment of the Series 2014C Bonds. |
| Distribution Waterfall | <p>Upon the Effective Date, all Entrance Fees, including Escrowed Entrance Fees, shall be deposited with the Trustee in the Entrance Fee Fund. Such amounts, together with the balances of the Operating Account and the Operating Reserve Fund, as of such date, and any Revenues available to Amsterdam at such time, shall be applied in the following order of priority:</p> <ol style="list-style-type: none"> 1. to pay any Refunds; 2. to pay all professional fees and expenses incurred in connection with the Restructuring Transaction (including, without limitation, any costs associated with obtaining opinions from bond counsel) subject to an agreed upon budget; 3. to pay interest on the Series 2007 Bonds accrued and unpaid through the date before the Petition Date (approximately \$1,696,996.98 assuming a July 22, 2014 Petition Date); 4. to fund the Operating Reserve Fund in an amount equal to approximately 130 Days Cash on Hand (approximately \$11.1 million); 5. to fund the Unrestricted Reserve Amount in an amount equal to approximately 45 Days Cash on Hand (approximately \$3.9 million); and 6. to fund the Debt Service Reserve Fund up to the initial Debt Service Reserve Fund Requirement. <p>Thereafter, all post-Effective Date Entrance Fees and other Revenues of Amsterdam shall be deposited in the Entrance Fee Fund or the Revenue Fund, as applicable; provided, however, that Revenues with respect to any government payor shall be deposited into an account in the name of Amsterdam, and such Revenues shall be swept into the Revenue Fund on a weekly basis.</p> <p>Subject to the next sentence, amounts on deposit in the Revenue Fund shall be made available to Amsterdam on a monthly basis to satisfy ongoing operations and management costs and expenses of Amsterdam, including, without limitation, any management fees,</p> |

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| | <p>budgeted capital expenditures relating to Amsterdam, Refunds and replenishment of any Unrestricted Reserve Amount (collectively, the “Operating Expenses”). If an Event of Default (as defined in the 2014 Indenture) shall occur, then the monthly amounts on deposit in the Revenue Fund available for withdrawal to satisfy Operating Expenses shall be made available to Amsterdam in an amount not to exceed the amounts set forth in an operating budget established pursuant to the terms of the 2014 Indenture.</p> <p>On the first day of each calendar month, monies in the Revenue Fund shall be distributed in the following order of priority (the “Distribution Waterfall”):</p> <ul style="list-style-type: none"> • First, to transfer to Amsterdam’s Operating Account the amount certified by Amsterdam (in a certificate setting forth in reasonable detail the projected application of the amount so certified) as necessary to pay anticipated Operating Expenses for the upcoming month (taking into account any unapplied amount withdrawn for such purpose in a prior month); • Second, to the Series 2014A Bonds subaccount and the Series 2014B Bonds subaccount of the Bond Fund, in an amount equal to 1/6th of the interest due on the next interest payment date; • Third, to the Series 2014A Bonds subaccount and the Series 2014B Bonds subaccount of the Bond Fund, in an amount equal to 1/12th of the principal due on the next principal payment date; • Fourth, to replenish the balance of the Operating Reserve Fund and the Operating Account to a combined total of 175 Days Cash on Hand; • Fifth, to replenish any deficiency as of the Effective Date in the Debt Service Reserve Fund necessary to make the amount therein equal the Debt Service Reserve Fund Requirement; • Sixth, any remaining amounts after application of paragraphs first to fifth above (such remaining amounts referred to as “Excess Cash”) shall be transferred as follows until the amount in the Operating Account is funded up to the Unrestricted Reserve Cap: 50% to the Operating Account and 50% to the Series 2014C Bonds subaccount of the Bond Fund to redeem Series 2014C Bonds; and thereafter, 100% of the Excess Cash shall be deposited in the Series 2014C Bonds subaccount of the Bond Fund to redeem Series 2014C Bonds; <p>The foregoing requirement to remit all Revenues into the Revenue Fund shall terminate to the extent (i) Amsterdam’s Debt Service Coverage Ratio is greater than 1.30x, (ii) Amsterdam has 250 Days Cash on Hand, (iii) Stabilized Occupancy (as defined in the 2014 Indenture) has been maintained for six consecutive months, and (iv) there is not otherwise a default or Event of Default under the 2014 Bond Documents. Under such circumstances, all Revenues will instead be transferred to Amsterdam’s Operating Account, and Amsterdam shall thereafter be required to make monthly payments of principal and interest, plus replenish any deficiencies in the Debt Service Reserve Fund, as further set forth under the 2014 Indenture.</p> |
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Operating/Financial Covenants

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| Days Cash on Hand | Days Cash on Hand requirement of not less than (i) 150 Days Cash on Hand as of each testing date, commencing June 30, 2015, (ii) 175 Days Cash on Hand as of each testing date, commencing on the second testing date following the date the Series 2014B Bonds are paid in full, and (iii) 200 Days Cash on Hand as of each testing date thereafter, commencing on the third testing date following the date the Series 2014B Bonds are paid in full (each such requirement, the “ DCOH Target ”). Amsterdam shall provide reporting of Days Cash on Hand quarterly, the Days Cash on Hand covenant will be tested semi-annually on each June 30 and December 31 (each, a “ Testing Date ”). |
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| Additional Permitted Indebtedness | Amsterdam shall not be permitted to issue any additional indebtedness except for (i) Capitalized Leases not to exceed \$1,000,000 in the aggregate, (ii) refunding indebtedness pursuant to terms and conditions acceptable to a majority of Series 2014 Bondholders, (iii) indebtedness relating to the financing of construction of additional independent living units not to exceed 71 units (“Phase II”), provided that prior to the incurrence of such indebtedness, (A) at least ninety-two percent (92%) of the independent living units in the existing Project are occupied or reserved with ten percent (10%) deposits, (B) at least seventy percent (70%) of the independent living units to be constructed as Phase II have been reserved with executed Residence Agreements and deposits at least equal to ten percent (10%) of the Entrance Fee shall have been received for such units; (C) there is a guaranteed maximum price or stipulated construction contract for Phase II; (D) the Cumulative Cash Loss or Debt Service Coverage Ratio (as applicable) and the Liquidity Covenant were met on the most recent evaluation date, (E) all required deposits have been made into the Operating Reserve Fund, (F) a Consultant's forecast shows that the Debt Service Coverage Ratio for the two (2) Fiscal Years following the completion of Phase II will be at least 1.25 and the Days' Cash on Hand at the end of the first Fiscal Year in which the average occupancy of such Independent Living Units is forecasted to reach eighty-five (85%) will be at least 200 and (G) concurrently with the issuance of such indebtedness, Amsterdam shall redeem at least twenty (20) percent of the original principal amount of the Series 2014C Bonds. |
| Cumulative Cash Loss Covenant | Amsterdam shall have a Cumulative Cash Loss no greater than the amount set forth in a Schedule to be agreed upon by the Steering Committee and Amsterdam for the prior fiscal quarter. |
| Debt Service Coverage Ratio | Commencing with the earlier of (i) the first fiscal year following achievement of Stabilized Occupancy (as to be defined in the 2014 Indenture) and (ii) the fiscal quarter ending December 31, 2016 (the “ Initial Testing Date ”), Amsterdam shall achieve a debt service coverage ratio of not less than (a) 1.10x from the Initial Testing Date until December 31, 2017 and (b) 1.20x thereafter, which ratio shall be measured (i) on a rolling four quarter basis, commencing on the Initial Testing Date and each fiscal quarter thereafter through the fiscal quarter ending December 31, 2017, and (ii) on an annual basis, at the end of each fiscal year, thereafter. This ratio will include net Entrance Fees (i.e., Entrance Fees, but not Initial Entrance Fees, received during such period minus Entrance Fees refunded during such period) in the numerator and the denominator will be Maximum Annual Debt Service on the Series 2014A Bonds and the Series 2014B Bonds. |
| IL Occupancy Covenants | Commencing with the first fiscal quarter following the Effective Date, Amsterdam will have occupied independent living (“IL”) units equal to or above the levels set forth for the prior fiscal quarter in the projections to be agreed upon by the Steering Committee and Amsterdam (the “ IL Occupancy Covenant ”). Amsterdam shall achieve 92% occupancy of IL units no later than 18 months after the Effective Date (the “ IL Target Covenant ”). |
| Assisted Living and Nursing Center Occupancy Covenants | Commencing with the first fiscal quarter following the Effective Date, Amsterdam shall achieve and maintain (i) a 90% occupancy level for Assisted Living (“ AL ”) units and (ii) an 85% occupancy level for Nursing Center (“ NC ”) units, which shall be measured as the average occupancy of the AL and NC units, as applicable, during such fiscal quarter (the “ AL/NC Occupancy Covenant ”). |
| Failure to meet covenants | (i) If Amsterdam fails to meet the Cumulative Cash Loss Covenant, the Days Cash on Hand, the AL/NC Occupancy Covenant or the Debt Service Coverage Ratio as of any testing date, then upon the first occurrence of such non-compliance, Amsterdam shall be required to retain a management consultant acceptable (which approval shall not be unreasonably withheld) to the holders of not less than a majority of the outstanding aggregate principal amount of the Series 2014A Bonds and the Series 2014B Bonds (each treated as separate class), to provide a report and improvement plan to the Trustee. |

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| | <p>(ii) If Amsterdam fails to meet the Cumulative Cash Loss Covenant, the Days Cash on Hand or the Debt Service Coverage Ratio by the end of the second quarter after the report and improvement plan are provided, Amsterdam shall, at the direction of the holders of not less than a majority of the outstanding aggregate principal amount of the Series 2014A Bonds and the Series 2014B Bonds (each treated as separate class), replace the management services advisor with an advisor acceptable to such holders.</p> <p>(iii) If Amsterdam fails to meet the Cumulative Cash Loss Covenant, the Days Cash on Hand, the AL/NC Occupancy Covenant or the Debt Service Coverage Ratio for two consecutive testing dates, then such non-compliance will constitute an Event of Default under the 2014 Indenture. If on any testing date after the Initial Testing Date, the Debt Service Coverage Ratio is 1.0x or below or the Days Cash on Hand is equal to or less than 130, it shall constitute an Event of Default under the 2014 Indenture.</p> <p>(iv) Same remedies in (i) or (ii) above will apply for failure to meet the IL Occupancy Covenant or the IL Target Covenant, provided that Amsterdam shall be required to hire a marketing consultant in lieu of a management consultant and shall, at the direction of the holders of not less than a majority of the outstanding aggregate principal amount of the Series 2014A Bonds and the Series 2014B Bonds (each treated as separate class), replace the marketing agent in lieu of the management services advisor. Furthermore, if there is no acting marketing agent, Amsterdam shall be required to hire a marketing agent acceptable to the Trustee.</p> |
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Reporting Requirements

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| Reporting | <p>Amsterdam shall deliver monthly financial statements (including a balance sheet, an income statement, an escrow statement and a cash flow statement) and a monthly report on marketing, occupancy and sales within 45 days following the prior month end comparing actual results to budget and shall include an explanation of variances of more than 10% from budgeted amounts. Such financial statements shall also include an Entrance Fee analysis.</p> <p>Amsterdam shall enter into a new Continuing Disclosure Agreement providing for the same reporting as required by the existing Continuing Disclosure Agreement (in addition to the information required above), except for any amendments thereto required to reflect changes to Rules 15c2-12.</p> |
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Update Calls

Until the later of Stabilized Occupancy (as defined in the 2014 Indenture) or the first year from the Effective Date, Amsterdam shall hold monthly calls for holders of the Series 2014 Bonds. After such time, Amsterdam shall hold quarterly calls.

General Provisions

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| Marketing and Development Fees | <p>Subsequent to the Effective Date of the restructuring, any fees that become due under the marketing and development advisory services agreement will be paid as they become due as follows:</p> <ul style="list-style-type: none"> • Pro rata at each 5% occupancy increment to 90% – \$33,579 per increment, 85% and 90% remaining; and • Milestone payment for achievement of 90% occupancy – \$302,214.50 to be paid upon achievement of 90% occupancy and \$302,214.50 to be deferred and paid upon the earlier of (i) termination of Greystone and (ii) achievement of 92% occupancy. <p>Of the amount earned and deferred as of the date hereof (totaling approximately \$772,324) the following payment terms would apply:</p> |
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| | <ul style="list-style-type: none"> • \$522,324 to be paid on Effective Date; • \$250,000 to be deferred and paid upon the earlier of (i) termination of Greystone and (ii) payment in full of the Series 2014B Bonds; and • Of the \$250,000 deferred, the amount owed will be reduced by approximately 1/6 for each month that achievement of 90% occupancy falls behind the date in the projections for the restructuring. [i.e. if the projections show achievement of 90% in February 2015 and we achieve it in April 2015, the \$250,000 would be reduced for 2 months delayed achievement (or 1/3)] |
| PILOTs | The Payment in Lieu of Taxes Agreement, as amended by the First Amendment to the Payment in Lieu of Taxes Agreement dated as of June 1, 2014 (providing for the extension of the current taxation rate) shall be assumed by Amsterdam as part of the Plan. |
| New 2014 Bond Documents | The 2014 Bond Documents shall be prepared or, as applicable, amended and modified in a manner necessary to effectuate the Restructuring Transaction. The 2014 Bond Documents and other agreements governing the Restructuring Transaction shall provide, inter alia, that (i) Amsterdam shall incur no new indebtedness without the consent of the holders of at least 66% in the principal amount of Series 2014A Bonds and Series 2014B Bonds (each treated as a separate class), except for new indebtedness set forth in (ii) hereof, (ii) Amsterdam shall be permitted to incur additional indebtedness, subject to certain additional bonds tests to be determined, (a) for the purpose of constructing additional units at The Amsterdam at Harborside facility and (b) of up to \$1 million total for capital leases; (iii) except as provide herein, shall contain all of the existing covenants, defaults and provisions and (iv) such additional provisions as acceptable to the Steering Committee and consistent with the Term Sheet. |
| Release/Exculpation | The Restructuring Transaction contemplated by the Term Sheet shall contain customary release, injunction and exculpation provisions for all Parties to the Restructuring Transaction to the extent available under applicable law. The Parties hereby agree that they will use respective best efforts to obtain approval of such release, injunction and exculpatory provisions, which by way of example only shall include opposing any effort by any person or entity that is not a Party to this Term Sheet to eliminate or reduce the scope of such release, injunction and exculpation provisions. |
| Binding Effect | The obligation of each of the undersigned parties to pursue the Restructuring Transaction in accordance with the terms hereof is subject to (i) the negotiation, execution and delivery of mutually acceptable final documentation, (ii) receipt of all necessary consents, including any consent of any party's credit or other committee or board of directors and any regulatory approvals, (iii) receipt of a satisfactory tax opinion confirming that the interest on the 2014 Bonds will be excluded from gross income for federal income tax purposes under the Internal Revenue Code, and (iv) confirmation of the Plan pursuant to an order of confirmation acceptable to Amsterdam and the Trustee. |
| Cash Collateral Order | The Trustee shall enter into a cash collateral agreement (" Cash Collateral Agreement ") with Amsterdam upon the commencement of Anticipated Bankruptcy Proceeding that shall (i) permit Amsterdam to use cash collateral, subject to agreed upon budgets, (ii) provide that Amsterdam may requisition funds from the Entrance Fee Fund in an aggregate amount not to exceed \$2,220,000 during the Anticipated Bankruptcy Proceeding to pay Refunds then due and owing, provided that Amsterdam shall only be permitted to requisition such funds after it has expended \$2,350,000 on Refunds during the Anticipated Bankruptcy Proceeding from Amsterdam's current operating accounts; and (iii) provide that all Entrance Fees received during the Anticipated Bankruptcy Proceeding be held in escrow and subordinating any rights or liens of the bondholders of the Bonds to the rights of any resident/payor of such escrowed Entrance Fees, subject to the occurrence of the Effective Date; provided that the Trustee shall retain its first priority lien against the Debtor's interest in such funds. As further adequate protection, |

| | |
|----------------------|---|
| | <p>Amsterdam shall acknowledge that the Debt Service Reserve Fund and the Entrance Fee Fund are not property of Amsterdam's bankruptcy estate and the Trustee shall be entitled to utilize such funds in accordance with the terms of the 2007 Indenture and other applicable documents related to the Series 2007 Bonds without further order of the Court. Any Refunds that become due and payable during the Anticipated Bankruptcy Proceeding in excess of the amounts in (ii) above may be paid from amounts in the Entrance Fee Fund at the sole discretion of the Steering Committee.</p> |
| Miscellaneous | <p>This Term Sheet shall be governed by the laws of the State of New York.</p> <p>This Term Sheet may be executed in one or more counterparts, and when all counterparts have been executed, each executed counterpart will have the force and effect of the original.</p> |
| Timeline | <p>The Restructuring Transaction contemplated by the Term Sheet shall proceed as soon as practicable following approval of this Term Sheet and any supporting documentation by Amsterdam and the Trustee (the "Parties"). The Parties agree that after such date, they shall use their best efforts to adhere to the following timeline:</p> <ol style="list-style-type: none"> 1. June 16 – Exchange of drafts of the principal Bankruptcy Documents and 2014 Bond Documents; 2. July 17 – Finalize terms of the agreed Bankruptcy Documents and 2014 Bond Documents, and execution of Plan Support Agreement 3. July 21 – Petition Date (filing of Plan, Disclosure Statement, cash collateral motion, and first days) 4. August 22 – Entry of interim cash collateral order; 5. September 8 – Entry of final cash collateral order, and approval of Disclosure Statement; 6. September 9 – October 23 – Solicitation of Plan (mailing date through voting deadline); 7. October 24 – Confirmation of Plan; and 8. November 28 – Effective Date. |

Schedule 1
Series 2014A Bonds

| <u>Principal Amount</u> | <u>Maturity</u> (January 1) | <u>Interest Rate</u> |
|--------------------------------|--|-----------------------------|
| \$6,255,000 | 2023 | 5.875% |
| \$21,123,750 | 2032 | 6.500% |
| \$6,375,000 | 2034 | 6.500% |
| \$95,910,000 | 2049 | 6.700% |
| \$11,921,250 | 2049 | 6.700% |

Schedule 2
Series 2014A Bonds

The Series 2014A Bonds shall be subject to mandatory sinking fund redemption by the Agency prior to maturity, as selected by the Trustee, on January 1 of each of the years and in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount thereof, together with interest accrued to the date of redemption:

| Mandatory Sinking Fund Redemption (January 1) | \$6,255,000 Series 2014A Bonds maturing January 1, 2023 | \$21,123,750 Series 2014A Bonds maturing January 1, 2032 | \$6,375,000 Series 2014A Bonds maturing January 1, 2034 | \$95,910,000 Series 2014A Bonds maturing January 1, 2049 | \$11,921,250 Series 2014A Bonds maturing January 1, 2049 |
|--|--|---|--|---|---|
| 2019 | \$1,418,934 | | | | \$123,524 |
| 2020 | 1,502,297 | | | | 131,800 |
| 2021 | 1,590,556 | | | | 140,631 |
| 2022 | 1,684,002 | | | | 150,053 |
| 2023 | 59,211 | \$1,723,726 | | | 160,106 |
| 2024 | | 1,887,685 | | | 170,833 |
| 2025 | | 2,010,384 | | | 182,279 |
| 2026 | | 2,141,059 | | | 194,492 |
| 2027 | | 2,280,228 | | | 207,523 |
| 2028 | | 2,428,443 | | | 221,427 |
| 2029 | | 2,586,291 | | | 236,263 |
| 2030 | | 2,754,400 | | | 252,092 |
| 2031 | | 2,933,437 | | | 268,982 |
| 2032 | | 378,097 | \$2,746,013 | | 287,004 |
| 2033 | | | 3,327,177 | | 306,233 |
| 2034 | | | 301,810 | \$3,241,633 | 326,751 |
| 2035 | | | | 3,773,767 | 348,643 |
| 2036 | | | | 4,026,610 | 372,002 |
| 2037 | | | | 4,296,393 | 396,926 |
| 2038 | | | | 4,584,250 | 423,521 |
| 2039 | | | | 4,891,396 | 451,896 |
| 2040 | | | | 5,219,120 | 482,173 |
| 2041 | | | | 5,568,800 | 514,479 |
| 2042 | | | | 5,941,910 | 548,949 |
| 2043 | | | | 6,340,017 | 585,729 |
| 2044 | | | | 6,764,798 | 624,973 |
| 2045 | | | | 7,218,040 | 666,846 |
| 2046 | | | | 7,701,649 | 711,524 |
| 2047 | | | | 8,217,660 | 759,196 |
| 2048 | | | | 8,768,242 | 810,063 |
| 2049 | | | | 9,355,715 | 864,337 |

Exhibit 2

Liquidation Analysis

Amsterdam House Continuing Care Retirement Community, Inc.

Preliminary Liquidation Analysis as of 7/22/14

(Unaudited, \$ in 000s)

| | Notes | Actual | | Liquidation | | Recovery Percentage | | Chapter 7 Liquidation | | | | |
|---|-------|-------------------|------------|-------------|------|---------------------|---------------------|-----------------------|------|--|--|--|
| | | 5/31/14 | Adjustment | | | Low | High | Low | High | | | |
| | | | | | | | | | | | | |
| Asset Liquidation | | | | | | | | | | | | |
| Cash and Cash Equivalents | A | \$ 1,564 | \$ 4,625 | | 100% | 100% | \$ 6,189 | \$ 6,189 | | | | |
| Conversion Deposits | B | 852 | - | | 0% | 0% | - | - | | | | |
| Net A/R Residents | C | 1,297 | - | | 30% | 70% | 389 | 908 | | | | |
| Other Receivables | D | 7,152 | (6,964) | | 100% | 100% | 188 | 188 | | | | |
| Inventory | E | 21 | - | | 0% | 5% | - | 1 | | | | |
| Prepaid Expenses | F | 330 | - | | 0% | 0% | - | - | | | | |
| CIP | G | 152 | - | | 15% | 40% | 23 | 61 | | | | |
| Fixed Assets, net | H | 231,471 | - | | 21% | 44% | 49,378 | 101,382 | | | | |
| Intangible Assets, net | I | 19,540 | - | | 0% | 0% | - | - | | | | |
| Restricted Assets | J | 23,938 | (6,476) | | 100% | 100% | 17,462 | 17,462 | | | | |
| Total Proceeds Available | | \$ 286,316 | | | | | \$ 73,629 | \$ 126,191 | | | | |
| Wind Down / Closure Cost | | | | | | | | | | | | |
| Wind Down / Closure | K | | | | | | \$ (1,000) | \$ (500) | | | | |
| Liquidating Trustee | L | | | | | | (2,209) | (3,786) | | | | |
| Total Wind Down / Closure Cost | | | | | | | (3,209) | (4,286) | | | | |
| Net Proceeds Available for Secured Claims | | | | | | | \$ 70,420 | \$ 121,906 | | | | |
| Estimated Secured Claims | | | | | | | | | | | | |
| Long Term Debt | M | | | | | | \$ (220,381) | \$ (220,381) | | | | |
| Accrued Bond Interest Expense | N | | | | | | (5,573) | (5,573) | | | | |
| Total Secured Claims | | | | | | | (225,954) | (225,954) | | | | |
| Average Recovery on Secured Claims | | | | | | | 31.2% | 54.0% | | | | |
| Net Proceeds Available for Admin / Priority Claims | | | | | | | \$ - | \$ - | | | | |
| Admin / Priority Claims | | | | | | | | | | | | |
| Professional Fees | O | | | | | | \$ (3,000) | \$ (2,000) | | | | |
| Payroll Liabilities | P | | | | | | (243) | (243) | | | | |
| Accrued Expenses / Post-Petition Trade / AP | Q | | | | | | (1,337) | (1,337) | | | | |
| US Trustee Fees | R | | | | | | (13) | (13) | | | | |
| Total Admin/Priority Claims | | | | | | | (4,592) | (3,592) | | | | |
| Average Recovery on Admin / Priority Claims | | | | | | | 0.0% | 0.0% | | | | |
| Net Proceeds Available for Unsecured Claims | | | | | | | \$ - | \$ - | | | | |
| Estimated Allowed Unsecured Claims | | | | | | | | | | | | |
| Trade Creditors | S | | | | | | \$ (1,031) | \$ (1,031) | | | | |
| Refundable Entrance Fees | T | | | | | | (130,014) | (130,014) | | | | |
| Litigation Claims | U | | | | | | Unknown | Unknown | | | | |
| Rejection Damages / Other (Contingency) | V | | | | | | Unknown | Unknown | | | | |
| Subvention | W | | | | | | (3,000) | (3,000) | | | | |
| Total Unsecured Claims | | | | | | | (134,045) | (134,045) | | | | |
| Average Recovery on Total Unsecured Claims | | | | | | | 0.0% | 0.0% | | | | |
| Shortfall | | | | | | | \$ (294,172) | \$ (241,686) | | | | |

See Notes on Following Page

General Note: Chapter 7 Liquidation assumed to commence on or around July 21, 2014 and conclude by October 31, 2014. For purposes of this analysis we have used the latest available actual data (May 31st, 2014), and made adjustments to reflect projected changes in cash balances from May 31, 2014 and the assumed liquidation date, per the projections included in the Disclosure Statement (the "Projections"). Certain other adjustments have been made as noted below.

Additional Notes:

- A** Cash and cash equivalents adjusted to equal the operating account and operating reserve account as of the Petition Date.
- B** Conversion Deposits represents deposits made by potential residents based on ten percent of the value of the residential unit. Prior to occupancy in the Community, these deposits are fully refundable, with interest accruing to the depositors. Assumed all of these deposits would be returned to residents resulting in a 0% recovery.
- C** Net A/R Residents consists of A/R due from Medicare, Medicaid, Co-insurance, Private Pay, and other.
- D** Other Receivables represent entrance fee receivables that are due but not yet paid as well as interest receivable on debt service reserve funds. The balance has been adjusted to exclude entrance fee receivables which are assumed to be unrecoverable. Interest in the debt service reserve account of approximately \$188K is recoverable however it is pledged to the secured creditors per the terms of the Indenture of Trust dated December 1, 2007.
- E** Inventory consists of food. We assumed a recovery of 0% to 5% due to the perishable nature of food inventory.
- F** Prepaid expenses include prepaid insurance, prepaid payroll, and prepaid taxes.
- G** Construction in progress includes renovations to the Independent Living units, and a special needs assisted living project. Assumed the same recovery as that for fixed assets, excluding land.
- H** Fixed assets includes land, buildings, equipment, furniture and fixtures, and vehicles. Recoveries are estimated at a blended rate. Recoveries on land are estimated at 65% - 70% based on benchmarking of the sale of distressed real estate. Recoveries on all other fixed assets are estimated at 15% - 40%.
- I** Intangible assets represent deferred financing and deferred marketing costs.
- J** Restricted Assets include trustee-held accounts, including the debt service reserve funds, and the entrance fee fund. These amounts are recoverable however they are pledged to the secured creditors per the terms of the Indenture of Trust dated December 1, 2007. This does not include the operating reserve account.
- K** Wind Down / Closure is an estimate of the operating costs and wind down costs incurred during the wind down period.
- L** Liquidating Trustee estimated to receive 3% of proceeds available per statutory maximum.
- M** Long Term Debt includes outstanding principal amounts due on the Series 2007A, Series 2007B, and Series 2007C Bonds less the unamortized original issue discount.
- N** Accrued bond interest expense represents accrued interest as of May 31, 2014.
- O** Professional Fees estimated through October 31, 2014.
- P** Payroll Liabilities represents accrued payroll liabilities accrued post-petition and due as of the liquidation date. Assumed up to two weeks of accrued liabilities for conservatism.
- Q** Accrued Expenses / Post-Petition Trade / AP estimated to be post-petition trade vendors that are unpaid as of the liquidation date per the projections.
- R** US Trustee Fees reflect estimated fees for the US Trustee based on one quarter.
- S** Trade Creditors represents pre-petition amounts owed to vendors or other third parties.
- T** Refundable Entrance Fees represents pre-petition amounts owed to residents, and the refundable portion of entrance fees only (balance as of 6/30/14).
- U** Litigation Claims represents the estimated cost of medical malpractice and other litigation to settle claims.
- V** All contracts are assumed to be rejected under a liquidation scenario.
- W** There is a \$3 million subvention certificate between the Health System and AHCCRC, Inc.

Exhibit 3

Financial Projections

THE AMSTERDAM AT HARBORSIDE PROJECTIONS

The Amsterdam at Harborside Operating Projections
Annual Cash Flows
For Years Ending 12/31
(\$'s in 000's)

| | Nov-Dec | | | | |
|---|----------------|-----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| <u>Cash Flow Summary:</u> | | | | | |
| Cash Operating Revenue | \$3,443 | \$22,208 | \$22,915 | \$23,241 | \$23,383 |
| Cash Operating Expenses | 3,215 | 19,249 | 19,581 | 20,021 | 20,349 |
| Operating Margin | 229 | 2,960 | 3,335 | 3,220 | 3,033 |
| Investment Income - Operations | 63 | 388 | 388 | 782 | 748 |
| Cash Available for Debt Service | 291 | 3,348 | 3,723 | 4,002 | 3,781 |
| Interest and Related Cash Expenses | (1,985) | (11,768) | (11,149) | (11,064) | (10,728) |
| Deferred Interest Expense - Series 2014C | 197 | 1,181 | 1,181 | 1,181 | 1,181 |
| Principal Amortization | 0 | 0 | 0 | 0 | (1,533) |
| Capital Expenditures | (85) | (567) | (642) | (742) | (842) |
| Payments on Deferred Development and Marketing Fees | (556) | (638) | 0 | 0 | (250) |
| Net Cash Flow Before Turnover Entrance Fees | (2,138) | (8,444) | (6,887) | (6,622) | (8,390) |
| Initial Entrance Fees Collected | 4,926 | 24,003 | 0 | 0 | 0 |
| Net Entrance Fees from Turnover | 362 | 5,738 | 9,585 | 11,573 | 13,533 |
| Net Cash Flow From Entrance Fees | 5,288 | 29,741 | 9,585 | 11,573 | 13,533 |
| Annual Net Cash From Operations | \$3,150 | \$21,297 | \$2,698 | \$4,951 | \$5,143 |

The Projections are presented based upon the accrual basis of accounting and are not represented to be in conformity with generally accepted accounting principles ("GAAP")

The Amsterdam at Harborside Operating Projections
Annual Cash Reserves and Ratios
For Years Ending 12/31
(\\$'s in 000's)

| | Nov-Dec | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| <u>Cash Reserves Summary:</u> | | | | | |
| Entrance Fee Fund Beginning Balance | 5,387 | 3,435 | 2,901 | 1,785 | 0 |
| Series 2014 B Debt Redemption | 0 | (11,346) | (3,799) | (6,102) | (2,554) |
| Increase/(Decrease) | (1,952) | 10,811 | 2,683 | 4,317 | 2,554 |
| Entrance Fee Fund Ending Balance | 3,435 | 2,901 | 1,785 | 0 | 0 |
| Revenue Fund Beginning Balance | 0 | 1,775 | 1,941 | 1,937 | 1,937 |
| Net Cash Flow from Operations | 3,150 | 21,297 | 2,698 | 4,951 | 5,143 |
| Net (Increase) in Operating Funds and Entrance Fee Fund | (1,375) | (21,131) | (2,702) | (4,951) | (2,554) |
| Replenish Debt Service Reserve Fund Series 2014A | 0 | 0 | 0 | 0 | (2,589) |
| Excess Cash Transferred to Series C Debt Funds | 0 | 0 | 0 | 0 | (0) |
| Revenue Fund Ending Balance | 1,775 | 1,941 | 1,937 | 1,937 | 1,937 |
| Oper Reserve & Oper Acct Beginning Balance | 700 | 4,027 | 14,347 | 14,366 | 15,000 |
| Increase/(Decrease) | 3,327 | 10,320 | 19 | 634 | (0) |
| Oper Reserve & Oper Acct Ending Balance | 4,027 | 14,347 | 14,366 | 15,000 | 15,000 |
| Series 2014 DSRF Beginning Balance | 8,004 | 8,004 | 8,004 | 8,004 | 8,004 |
| Transfers in (+) - Waterfall & Series 2007A Principal Fund | 0 | 0 | 0 | 0 | 2,589 |
| Transfers out (-) | 0 | 0 | 0 | 0 | 0 |
| Series 2014 DSRF Ending Balance | 8,004 | 8,004 | 8,004 | 8,004 | 10,593 |
| Total Cash | \$17,241 | \$27,193 | \$26,092 | \$24,941 | \$27,530 |
| Series 2014A Debt Outstanding | \$141,628 | \$141,628 | \$141,628 | \$141,628 | \$140,094 |
| Series 2014B Debt Outstanding | \$23,800 | \$12,454 | \$8,656 | \$2,554 | \$0 |
| Series 2014C Debt Outstanding | \$59,051 | \$59,051 | \$59,051 | \$59,051 | \$59,051 |
| <u>Ratios Summary:</u> | | | | | |
| Funds Available for Debt Service | 653 | 9,086 | 13,307 | 15,575 | 17,314 |
| Annual Debt Service | - | - | 9,968 | 9,882 | 11,080 |
| Debt Service Coverage Ratio (Revenue Only) | - | - | 0.37 | 0.40 | 0.34 |
| Debt Service Coverage Ratio | - | - | 1.33 | 1.58 | 1.56 |
| Days Cash on Hand (Operating Reserve) | 49 | 176 | 178 | 183 | 183 |
| Average Occupancy: | | | | | |
| Independent Living | 85% | 93% | 95% | 95% | 95% |
| Enriched Housing | 95% | 95% | 95% | 95% | 95% |
| Skilled Nursing | 91% | 91% | 91% | 91% | 91% |

The Projections are presented based upon the accrual basis of accounting and are not represented to be in conformity with generally accepted accounting principles ("GAAP")

The Amsterdam at Harborside Operating Projections
Schedule of Financial Ratios
For Years Ending 12/31
(\$'s in 000's)

| | 2016 | 2017 | 2018 |
|--|------------------|------------------|------------------|
| Debt Service Coverage Ratio (for the year ending December 31) | | | |
| Cash Available for Debt Service | \$ 3,723 | \$ 4,002 | \$ 3,781 |
| Net Turnover Entrance Fees | 9,585 | 11,573 | 13,533 |
| Funds Available for Debt Service | <u>\$ 13,307</u> | <u>\$ 15,575</u> | <u>\$ 17,314</u> |
| Interest and Related Cash Expenses | 11,149 | 11,064 | 10,728 |
| Deferred Interest Expense - Series 2014C | (1,181) | (1,181) | (1,181) |
| Principal Amortization | - | - | 1,533 |
| Debt Service Requirement | <u>\$ 9,968</u> | <u>\$ 9,882</u> | <u>\$ 11,080</u> |
| Debt Service Coverage Ratio | 1.33 | 1.58 | 1.56 |
| Days Cash on Hand (for the year ending December 31) | | | |
| | 2016 | 2017 | 2018 |
| Cash and Investments: | | | |
| Oper Reserve & Oper Acct Ending Balance | \$ 14,366 | \$ 15,000 | \$ 15,000 |
| Operating Expenses | \$ 19,581 | \$ 20,021 | \$ 20,349 |
| Interest and Related Cash Expenses | 11,149 | 11,064 | 10,728 |
| Deferred Interest Expense - Series 2014C | (1,181) | (1,181) | (1,181) |
| Annual Cash Expenses | <u>\$ 29,549</u> | <u>\$ 29,904</u> | <u>\$ 29,896</u> |
| Average Daily Expenses including Interest | 81 | 82 | 82 |
| Days Cash on Hand | 178 | 183 | 183 |

Management's Basis for Projection Revenues and Entrance Fees

Revenues

Revenues for the Independent Living Apartments are primarily based on (i) the monthly service fees assumed by Management to be charged to the residents and (ii) the occupancy assumptions of the Independent Living Apartments. Revenues also include funds generated from the Enriched Housing Apartments, Memory Support Units and Health Center (Skilled Nursing) services.

Monthly service fees in Independent Living are expected to increase 3.0% annually in January 2015 and January 2016 and 4.5% annually thereafter each January. Monthly service fees in Enriched Housing Apartments and Memory Support Units are expected to increase 4.5% annually each January. Skilled Nursing private pay per diem rates are expected to increase 4.0% annually each July. Medicare A reimbursement is assumed to increase 2.0% annually each October. Table 1 provides assumed Monthly service fee rates as of each January.

TABLE 1: ESTIMATED MONTHLY SERVICE FEE RATES

| Calendar Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------|----------|----------|----------|-----------|
| <u>Independent Living Apartments</u> | | | | | |
| Average Monthly Service Fee (1st Person) | \$ 4,318 | \$ 4,448 | \$ 4,581 | \$ 4,787 | \$ 5,003 |
| Average Monthly Service Fee (2nd Person) | 1,235 | 1,272 | 1,310 | 1,369 | 1,431 |
| <u>Enriched Housing Apartments and Memory Support Units</u> | | | | | |
| Average EH Monthly Service Fee (1st Person) | \$ 8,624 | \$ 9,011 | \$ 9,417 | \$ 9,841 | \$ 10,284 |
| Average EH Monthly Service Fee (2nd Person) | 2,195 | 2,294 | 2,397 | 2,505 | 2,618 |
| Average Memory Support Unit Monthly Service Fee | 8,997 | 9,402 | 9,825 | 10,267 | 10,729 |
| <u>Skilled Nursing</u> | | | | | |
| Average Private Pay Per Diem | \$ 459 | \$ 477 | \$ 496 | \$ 516 | \$ 537 |
| Average Medicare A Daily Reimbursement | 587 | 598 | 610 | 623 | 635 |

Note 1: Rates for Enriched Housing and Skilled Nursing are market rates applicable to non-Lifecare outside admissions.

Note 2: Rates shown above are gross of assumed Enriched Housing pricing incentives of approximately \$2,700-\$3,000 per month for non-Lifecare residents.

Occupancy

Occupancy assumptions for the projections are based on an assumed net move-in and occupancy schedule.

Table 2 reflects the anticipated net move-in schedule for the Harborside's Independent Living Apartments, Enriched Housing Apartments (including Memory Support Units), and Health Center.

TABLE 2: OCCUPANCY ASSUMPTIONS AND OCCUPANCY PERCENTAGE

| Quarter Ending | Independent Living Apartments | | | Enriched Housing Beds and Memory Support Units | | Skilled Nursing Beds | |
|----------------|-------------------------------|-----------|-------------|--|-------------|----------------------|-------------|
| | Net Move-Ins | Occupancy | Occupancy % | Occupancy | Occupancy % | Occupancy | Occupancy % |
| Sep-14 | 0 | 192 | 84% | 42 | 95% | 51 | 91% |
| Dec-14 | 6 | 198 | 86% | 42 | 95% | 51 | 91% |
| Mar-15 | 9 | 207 | 90% | 42 | 95% | 51 | 91% |
| Jun-15 | 9 | 216 | 94% | 42 | 95% | 51 | 91% |
| Sep-15 | 1 | 217 | 95% | 42 | 95% | 51 | 91% |
| Dec-15 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Mar-16 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Jun-16 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Sep-16 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Dec-16 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Mar-17 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Jun-17 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Sep-17 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Dec-17 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Mar-18 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Jun-18 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Sep-18 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |
| Dec-18 | 0 | 217 | 95% | 42 | 95% | 51 | 91% |

Entrance Fees

The projections assume an initial entrance fee pool of \$177.1 million with \$23.0 million in initial entrance fees remaining to be collected as of the Effective Date. Additionally, the projections assume \$5.9 million in deferred entrance fees are received in 2015.

The projections assume net turnover entrance fees of approximately \$5.7 million in 2015, \$9.6 million in 2016, \$11.6 million in 2017 and \$13.5 million in 2018. The number of turnover receipts and refunds are based on the 2013 Actuarial Study completed by CCRC Actuaries. Entrance Fee market rates are projected to increase 3% annually. In 2015, a 7% discount off the market entrance fee is assumed to allow for pricing allowances. The refunds shown below decrease each year based on continued amortization of the non-refundable portion of entrance fees received from the initial entrance fee pool.

| | \$ in 000's | | | |
|--|-------------|-------------|-------------|-------------|
| | 2015 | 2016 | 2017 | 2018 |
| <u>Financial Projection Assumptions:</u> | | | | |
| Turnover Apts Reoccupied | 19.7 | 22.8 | 24.9 | 26.4 |
| Avg. Entrance Fee | \$ 848 | \$ 939 | \$ 968 | \$ 997 |
| Turnover Resident Deposits Received | \$ 16,709 | \$ 21,417 | \$ 24,092 | \$ 26,309 |
| Refunds Paid | 16.1 | 18.0 | 19.7 | 20.7 |
| Avg. Refund | \$ (681) | \$ (657) | \$ (634) | \$ (619) |
| Resident Deposits Refunded | \$ (10,971) | \$ (11,832) | \$ (12,518) | \$ (12,776) |
| Net Entrance Fees | \$ 5,738 | \$ 9,585 | \$ 11,573 | \$ 13,533 |

All Entrance Fees received from new move-ins after June 1, 2014 through the Effective Date of the reorganization shall be held in escrow until any applicable rescission period has expired.

Management's Basis for Projection Expenses

Operating Expenses

Operating expenses have been assumed based upon the Harborside's actual performance to-date, resident satisfaction, and adjustments for changes in occupancy. Unless specifically noted, operating expenses are assumed to increase 3% annually throughout the projection period to account for inflation.

Salaries and wages in Table 3 are based upon current staffing levels and prevailing local salary and wage rates and are assumed to increase at an average rate of 2.5% throughout the projection period. Employee taxes and benefits are assumed to be 31% - 35% of salaries and wages during the projection period. A full-time equivalent ("FTE") represents 2,080 hours of time paid annually. FTE assumptions in Table 3 are based on Management's experience with the development and operations of other CCRCs and maintaining resident satisfaction.

TABLE 3: FTEs

| 2015 | Average |
|------------------------|---------|
| Administration | 6.0 |
| Human Resources | 1.0 |
| Resident Services | 5.7 |
| Enriched Housing | 20.4 |
| Maintenance | 5.5 |
| Dining | 41.8 |
| Emergency | - |
| Grounds Maintenance | - |
| Housekeeping & Laundry | 19.6 |
| Skilled Nursing | 44.2 |
| Marketing Services | 5.0 |
| Transportation | 2.6 |
| Total FTEs | 151.9 |

Over the course of the projection period, the annual marketing costs are expected to decrease to a stabilized level of \$584,000 annually in 2018.

Advisory Fees are comprised of fees to Greystone Management Services Company, LLC (“Greystone”) and Amsterdam Consulting, Corp. (“Amsterdam Consulting”). Greystone’s fees range from approximately \$316,000 to \$335,000 annually over the projection period. Amsterdam Consulting’s fees range from approximately \$443,000 to \$484,000 annually over the projection period.

Other non-salary operating expenses are assumed to include raw food costs, utilities, supplies, maintenance and security contracts, legal and accounting fees and other miscellaneous expenses and are assumed to increase 3% annually throughout the projection period. Property, auto and general liability insurance are assumed to increase 5% annually throughout the projection period.

Property Taxes and HOA fees are based on the payments amended under the First Amendment to Payment in Lieu of Taxes Agreement (range from \$275,000 to \$302,500 annually during the projection period), historical payments paid for ad valorem tax for water pollution and assessment (range from \$144,000 and \$168,000 annually during the projection period) and historical dues paid to the Home Owners Association (range from \$160,000 to \$176,000 during the projection period).

Capital Expenditures

The Harborside is assumed to incur routine capital additions during the projection period that would be capitalized as property and equipment. Capital expenditures are assumed to be \$567,000 in 2015 and \$642,000 in 2016 increasing \$100,000 per year thereafter. Capital expenditures in the projections are assumed to be funded from operating cash flow. Depreciation expense for all capital assets is computed based on the straight-line method ranging from 5-30 years.

Cash Reserves

Per the 2014 Indenture, certain accounts, balances and transfers between accounts are required and are assumed by the projections.

- Entrance Fee Fund – All Entrance Fees (both initial and turnover) are required to be deposited in the Entrance Fee Fund until the Series 2014B Bonds are paid in full. Entrance fees on deposit shall be applied on a monthly basis as follows:
 - First, to pay refunds;
 - Second, to replenish the Operating Reserve and Operating Account to a combined total of 175 Days Cash on Hand;
 - Third, to redeem Series 2014B Bonds; and
 - Once the Series 2014B Bonds have been redeemed in full, the remaining amounts will be transferred to the Revenue Fund.
- Revenue Fund – Funded with all receipts from revenues. On the first business day of each month, funds in the Revenue Fund shall be distributed in the following order of priority:
 - First, to transfer to the Operating Account (as defined in 2014 Indenture) the amount necessary to pay anticipated Operating Expenses and Refunds to the extent not funded by the Entrance Fee Fund for the upcoming month;
 - Second, to the Series 2014A Bonds subaccount and the Series 2014B Bonds subaccount of the Bond Fund, in an amount equal to 1/6th of the interest due on the next interest payment date;
 - Third, to the Series 2014A Bonds subaccount and the Series 2014B Bonds subaccount of the Bond Fund, in an amount equal to 1/12th of the principal due on the next principal payment date;
 - Fourth, to replenish the balance of the Operating Reserve Fund and the Operating Account to a combined total of 175 Days Cash on Hand;
 - Fifth, to replenish any deficiency in the Debt Service Reserve Funds;
 - Sixth, any remaining amounts after application of paragraphs first to fifth above (such remaining amounts referred to as “Excess Cash”) shall be transferred as follows until the amount in the Operating Account is funded up to the Unrestricted Reserve Cap of 250 Days Cash on Hand: 50% to the Operating Account and 50% to the Series 2014C Bonds subaccount of the Bond Fund applied first to accrued interest, then to principal; and thereafter, 100% of the Excess Cash shall be deposited in the Series 2014C Bonds subaccount of the Bond Fund to applied first to accrued interest, then to principal.
- Operating Reserve Fund (and Operating Account) – On a monthly basis, funded up to 175 days cash on hand from available monies in the Entrance Fee Fund and Revenue Fund and increased by Harborside’s share of Excess Cash after full redemption of Series 2014B Bonds up to 250 days cash on hand.

- Debt Service Reserve Fund – On a monthly basis, any shortfalls are funded from available monies in the Revenue Fund as specified in the 2014 Indenture. The initial balance of the debt service reserve funds following restructuring are assumed to be below the Series 2014 requirement of approximately \$10,950,000.

Long-Term Debt and Interest Expense

The projections assume that new Series 2014 Bonds are issued under the 2014 Indenture.

- \$6,255,000 in Series 2014A-1 Bonds with an annual average interest rate of 5.875% and final maturity in 2023. Interest is payable semiannually on January 1 and July 1 following the effective date.
- \$21,123,750 in Series 2014A-2 Bonds with an annual average interest rate of 6.500% and final maturity on January 1, 2032. Interest is payable semiannually on January 1 and July 1 following the effective date.
- \$6,375,000 in Series 2014A-3 Bonds with an annual average interest rate of 6.500% and final maturity on January 1, 2034. Interest is payable semiannually on January 1 and July 1 following the effective date.
- \$95,910,000 in Series 2014A-4 Bonds with an annual average interest rate of 6.700% and final maturity on January 1, 2049. Interest is payable semiannually on January 1 and July 1 following the effective date.
- \$11,921,250 in Series 2014A-5 Bonds with an annual average interest rate of 6.700% and final maturity on January 1, 2049. Interest is payable semiannually on January 1 and July 1 following the effective date.
- \$23,842,500 in Series 2014B Bonds with an annual average interest rate of 5.500% and final maturity on July 1, 2020. Interest is payable semiannually on January 1 and July 1 following the effective date. Principal on the Series 2014B Bonds is assumed to be repaid by December 31, 2018.
- \$59,051,000 in Series 2014C Bonds with an annual average interest rate of 2.000% and final maturity on January 1, 2049. Interest is payable semiannually, but only to the extent of Excess Cash, applied first to accrued interest, then to principal. For purposes of the projections, post-petition interest has been accrued and added to the Series 2014C Bonds through October 31, 2014.

TABLE 4:

The Amsterdam at Harborside
Forecasted Annual Debt Service
For the Years Ending 12/31
(\$'s in 000's)

| | | 2015 | 2016 | 2017 | 2018 |
|--------------------|------------------------|------------|------------|------------|------------|
| Series 2014A Bonds | Beginning | \$ 141,628 | \$ 141,628 | \$ 141,628 | \$ 141,628 |
| | Scheduled Redemptions | - | - | - | (1,533) |
| | Additional Redemptions | - | - | - | - |
| | Ending | \$ 141,628 | \$ 141,628 | \$ 141,628 | \$ 140,094 |
| Series 2014B Bonds | Beginning | \$ 23,800 | \$ 12,454 | \$ 8,656 | \$ 2,554 |
| | Scheduled Redemptions | - | - | - | - |
| | Additional Redemptions | (11,346) | (3,799) | (6,102) | (2,554) |
| | Ending | \$ 12,454 | \$ 8,656 | \$ 2,554 | \$ - |
| Series 2014C Bonds | Beginning | \$ 59,051 | \$ 59,051 | \$ 59,051 | \$ 59,051 |
| | Scheduled Redemptions | - | - | - | - |
| | Additional Redemptions | - | - | - | - |
| | Ending | \$ 59,051 | \$ 59,051 | \$ 59,051 | \$ 59,051 |

Exhibit 4

Plan Support Agreement

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (this “Plan Support Agreement”) is made and entered into as of July 21, 2014 (the “Effective Date”) by and between the following parties:

(a) Amsterdam House Continuing Care Retirement Community, Inc. (the “Borrower”); and

(b) each of the undersigned holders of Bonds (as defined herein) (the “Consenting Holders”, and together with the Borrower, each a “Party” and collectively the “Parties”).

RECITALS

A. Nassau County Industrial Development Agency (the “Issuer”) issued its (i) \$167,895,000 Continuing Care Retirement Community Fixed Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007A (the “Series A Bonds”), (ii) \$8,500,000 Continuing Care Retirement Community Adjustable Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007B (the “Series B Bonds”), (iii) \$95,100,000 Continuing Care Retirement Community Variable Rate Demand Revenue Bonds (Amsterdam at Harborside Project) Series 2007C (the “Series C Bonds”) and (iv) \$24,900,000 Continuing Care Retirement Community Variable Rate Demand Revenue Bonds (Amsterdam at Harborside Project) Series 2007D (the “Series D Bonds” and collectively with the Series A Bonds, the Series B Bonds, and the Series C Bonds, the “Bonds”).

B. UMB Bank, n.a., is the successor trustee (the “Bond Trustee”) under that certain Indenture of Trust, dated as of December 1, 2007 by and between the Bond Trustee and the Issuer (the “2007 Indenture”), pursuant to which the Bonds were issued.

C. The Borrower used the proceeds of the Bonds to acquire a continuing care retirement community known as “The Amsterdam at Harborside” (the “Harborside”) located in North Hempstead, Nassau County, New York. Pursuant to that certain Installment Sale Agreement, dated as of December 1, 2007 (the “Installment Sale Agreement”), between the Borrower and the Issuer, the Borrower agreed to pay installment payments to purchase Harborside in amounts sufficient to pay, when due, the principal, purchase price, redemption price of, and interest on the Bonds. The rights of the Issuer under the Installment Sale Agreement were assigned to the Bond Trustee pursuant to the 2007 Indenture.

D. As security for the obligations owing on the Bonds, the Borrower and the Issuer granted the Bond Trustee, inter alia: (i) an Acquisition Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of December 1, 2007, (ii) a Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement dated as of December 1, 2007 and (iii) a Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of December 1, 2007 (collectively, the “Mortgages”), pursuant to which the Borrower and the Issuer granted a first priority mortgage against the property described therein (the “Mortgaged Property”). The Issuer

also granted the Bond Trustee certain collateral under the 2007 Indenture (the “2007 Indenture Collateral,” and, collectively with the Mortgaged Property, the “Pre-Petition Collateral”). The 2007 Indenture, the Installment Sale Agreement, the Mortgages, and any other document or agreement delivered as security for, or in respect to, the Bonds or the Borrower’s obligations under any of such documents are collectively referred to herein as the “Bond Documents.”

E. Each Consenting Holder holds debt arising out of, or related to, the Bonds and the Consenting Holders hold debt, in aggregate, arising out of or related to the Bonds equal to at least seventy-five percent (75%) of the principal amount of the Bonds outstanding.

F. Defaults, potential defaults or events of default have occurred (or will occur) under the Bond Documents.

G. The Borrower desires to implement a restructuring (the “Restructuring”) of its financial obligations with respect to the Bonds on the terms and conditions set forth in the term sheet (including all exhibits therein, the “Term Sheet”) attached hereto as **Exhibit 1**.

H. The Consenting Holders have agreed to the Restructuring, solely on the terms and conditions outlined in the Term Sheet, which provides that the obligations of the Borrower with respect to the Restructuring and under the Term Sheet are subject to and contingent upon the execution of this Plan Support Agreement, and have agreed to direct the Bond Trustee in accordance with such Term Sheet.

I. The Borrower intends to implement the Restructuring by filing a voluntary petition for relief commencing a case (the “Chapter 11 Case”) under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”) on or before July 25, 2014 (the “Outside Petition Date”).

J. Each Party has reviewed, or has had the opportunity to review, this Plan Support Agreement and the Term Sheet with the assistance of professional legal advisors of its own choosing.

STATEMENT OF AGREEMENT

In consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Preliminary Statements. The preliminary statements set forth in the recitals are incorporated herein and form an integrated part of this Plan Support Agreement, subject to such modifications and amendments as may be permitted by Section 11 hereof.

2. Effectiveness of Plan Support Agreement. Upon the execution of this Plan Support Agreement by the Parties, this Plan Support Agreement will constitute the legally binding and enforceable agreement of the Parties, effective as of the Effective Date.

3. Agreements of the Borrower. The Borrower agrees that consistent with its business judgment and the exercise of its fiduciary duties it has agreed that the following are material covenants and conditions to the agreements contained herein:

(a) The Borrower agrees to take all reasonable efforts to draft the following documents (collectively, the "Bankruptcy Documents") in form and substance satisfactory to the Consenting Holders and the Bond Trustee no later than the Outside Petition Date:

- i) Petition with required documents, including: (i) board resolution, (ii) disclosure of related cases, (iii) top 20 unsecured creditors list, (iv) declaration verifying top 20 unsecured creditors list, (v) list of creditors, (vi) declaration verifying list of creditors, (vii) statement regarding equity security holders and corporate disclosure statement, (viii) declaration verifying statement regarding equity security holders and corporate disclosure statement;
- ii) Declaration in Support of First Day Pleadings;
- iii) Motion to Approve Disclosure Statement and Solicitation Procedures;
- iv) Plan of Reorganization;
- v) Disclosure Statement;
- vi) Motions to Retain Claims, Noticing, and Solicitation Agent;
- vii) Motion Authorizing Use of Cash Collateral;
- viii) Motion to Assume Plan Support Agreement;
- ix) Motion to Self-Report in Lieu of an Ombudsman;

- x) Motion to Maintain Prepetition Escrow Arrangements and Refund Certain Resident Deposits in the Ordinary Course;
- xi) Motion to Utilize Existing Cash Management System;
- xii) Motion to Pay Employee Wages and Benefits;
- xiii) Motion Prohibiting Utilities From Discontinuing Service;
- xiv) Motion to Pay Prepetition Taxes;
- xv) Motion to Maintain Existing Insurance Programs;
- xvi) Motion Extending Time to File Schedules and Statements;
- xvii) Motion to Establish Proof of Claim Bar Date;

(b) The Borrower agrees to take all commercially reasonable steps that are necessary to obtain any necessary approval for the Restructuring as expeditiously as is reasonably practicable under applicable law, including the solicitation of requisite acceptances by means of the Disclosure Statement;

(c) The Borrower agrees to take all commercially reasonable steps to obtain any and all requisite regulatory or third party approvals necessary to consummate the Restructuring as is reasonably practicable;

(d) The Borrower will take all commercially reasonable efforts to file the Chapter 11 Case, contemporaneously with the Bankruptcy Documents, no later than the Outside Petition Date (the date on which the Chapter 11 Case and Bankruptcy Documents are actually filed shall be referred to herein as the “Petition Date”);

(e) The Borrower agrees to take all reasonably necessary steps in seeking to obtain from the Bankruptcy Court an order confirming the Plan (as defined herein) reasonably acceptable in form and substance to the Consenting Holders (the “Confirmation Order”) by October 24, 2014;

(f) The Plan is substantially consummated including, but not limited to, the exchange of the Bonds, on or before November 28, 2014 (the “Effective Date”);

(g) The Borrower agrees to take no action inconsistent with the Restructuring, the transactions contemplated thereby, or the expeditious confirmation and consummation of such transactions, except as otherwise permitted under this Plan Support Agreement;

(h) Subject to the exercise of its fiduciary duties, the Borrower agrees that it will not file a petition under the Bankruptcy Code or seek any similar relief without providing the Bond Trustee and the Consenting Holders at least five (5) Business Days' written notice thereof; and

(i) The Borrower agrees that in the event that it proposes a plan of reorganization that does not comply with this Plan Support Agreement or that constitutes a Support Agreement Termination Event, it will not assert that the Consenting Holders have expressly or impliedly supported, endorsed, or otherwise agreed to any financial information, including any projections or liquidation analysis, included in the Bankruptcy Documents.

(j) The Borrower agrees that:

- i) It will not incur any further indebtedness with priority over the Bonds;
- ii) It will not transfer any assets other than in the ordinary course of its business other than miscellaneous assets not necessary for the operations of Harborside; and
- iii) It will take no action that would result in entry of an order terminating, whether in whole or in part, the Borrower's exclusive right to file a Chapter 11 plan pursuant to Section 1121 of the Bankruptcy Code.

4. Agreements of Consenting Holders.

(a) Ownership. Each Consenting Holder represents and warrants that, as of the date hereof, such Consenting Holder either (i) is the sole legal or beneficial owner of a principal amount of the Bonds outstanding as set forth on **Schedule 1** hereto, and all related claims, rights, powers, and causes of action arising out of or in connection with or otherwise relating to such Bonds or the Bond Documents (collectively, the "Claims"), or (ii) has the power and authority to bind the legal and beneficial owner(s) of such Bonds and Claims to the terms of this Plan Support Agreement and, in either case, such Consenting Holder has full power and authority to vote on and consent to such matters concerning such Bonds outstanding and such Claims and to exchange, assign and transfer such Bonds and Claims.

(b) Restrictions on Transfers. Each Consenting Holder agrees that, until this Plan Support Agreement has been terminated in accordance with Section 8, it shall not voluntarily sell, transfer, or assign any of its Bonds or Claims or any option thereon or any right or interest (voting or otherwise) therein unless the transferee thereof (i) has already executed this Plan Support Agreement or (ii)

agrees in writing by executing the form of Joinder attached hereto as **Exhibit 2** to be bound, for the benefit of the Parties, by all of the terms of this Plan Support Agreement. Subject to applicable securities and bankruptcy law, this Plan Support Agreement shall in no way be construed to preclude any Consenting Holder or any of its respective subsidiaries or affiliates from acquiring additional Bonds; *provided, however,* that any such additional Bonds acquired by such Consenting Holder or any subsidiary or affiliate thereof shall automatically be deemed to be subject to the terms of this Plan Support Agreement.

(c) Voting on the Plan. Each Consenting Holder agrees that, subject to the terms and conditions of this Plan Support Agreement, and so long as this Plan Support Agreement has not been terminated, and further provided that the Disclosure Statement approved by the Court contains information substantially similar to that set forth in the Disclosure Statement filed as part of the Bankruptcy Documents, it will vote all claims that it holds or as to which it has voting authority with respect to the Bonds outstanding, the Claims, and all other claims, rights, or interests that exist against the Borrower to accept a plan of reorganization proposed as part of the Chapter 11 Case that reflects the Restructuring outlined in the Term Sheet (such plan, the “Plan”) and that is filed by the Outside Petition Date.

(d) Support. So long as this Plan Support Agreement has not been terminated, each Consenting Holder agrees that it will not:

- i) support or encourage, directly or indirectly, any financial restructuring or sale of assets concerning the Borrower or its assets, other than the Restructuring;
- ii) take any action inconsistent with the Term Sheet, the transactions contemplated hereby or thereby, or the expeditious confirmation and consummation of such transactions;
- iii) vote against the Plan or otherwise agree, consent, or provide any support, to any other chapter 11 plan or other restructuring or sale or liquidation of assets concerning the Borrower or its assets, other than the Restructuring;
- iv) object to or otherwise commence any proceeding to oppose or alter the Plan or any of the terms of the Restructuring (or any other document filed in furtherance of, and that is consistent with the Restructuring);
- v) make (and will not direct the Bond Trustee to make) any election under Section 1111(b) of the Bankruptcy Code,

and will vote against and/or direct the Bond Trustee to object to any action or motion to make such an election; or

- vi) direct the Bond Trustee to take any action or otherwise act in a manner contrary to the terms of this Plan Support Agreement.

(e) Adequate Information; Compliance with Section 1125(g) of the Bankruptcy Code. Each Consenting Holder agrees that it has obtained adequate information regarding the Restructuring and that the Borrower has provided all material, relevant information that the Consenting Holder has requested in advance of executing this Plan Support Agreement. Additionally, each Consenting Holder agrees that, for purposes of this Plan Support Agreement, the solicitation of its support of the Plan in accordance with the terms and conditions hereof complies with applicable law and that each Consenting Holder was solicited in a manner complying with applicable law.

(f) Agreement to Forbear. Each Consenting Holder agrees to take all necessary steps to enter into an amendment to that certain Amended and Restated Forbearance Agreement, dated March 21, 2014, between Harborside and the Bond Trustee, to extend the Forbearance Period (as defined therein) through the earlier of (1) the Petition Date, and (ii) July 25, 2014.

(g) Appearing in the Bankruptcy Court. Notwithstanding any provision in this Plan Support Agreement to the contrary, nothing in this Plan Support Agreement shall be construed to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Bankruptcy Court so long as such appearance and the positions advocated in connection therewith are not inconsistent with this Plan Support Agreement and the Restructuring and are not for the purpose of hindering, delaying, or preventing the consummation of the Restructuring.

(h) Direct the Bond Trustee. Each Consenting Holder agrees that, to the extent necessary, it will direct the Bond Trustee to take actions consistent with this Plan Support Agreement.

(i) Documents. The Consenting Holders agree to direct the Bond Trustee to take all reasonable efforts to draft the following documents in form and substance satisfactory to the Borrower no later than the Outside Petition Date:

- i) Plan Support Agreement;
- ii) Cash Collateral Order (together with the Plan Support Agreement, the “Plan Support Documents”);

- iii) Indenture of Trust by and between the Issuer and the Bond Trustee;
- iv) Installment Sale Agreement by and between the Issuer and the Borrower; (together with the documents listed in (iii) through (iv), the “2014 Bond Documents”)

5. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Consenting Holders that the following statements are true, correct, and complete as of the date hereof:

- (a) it has all requisite corporate or similar authority to enter into this Plan Support Agreement and, subject to any necessary Bankruptcy Court approval, carry out the transactions contemplated hereby and perform its obligations contemplated hereunder, and the execution and delivery of this Plan Support Agreement and the performance of the Borrower’s obligations hereunder have been duly authorized by all necessary corporate, limited liability, partnership, or other similar action on its part;
- (b) the execution, delivery, and, subject to any necessary Bankruptcy Court approval, performance by the Borrower of this Plan Support Agreement does not and shall not violate any provision of law, rule, or regulation applicable to it or any of its subsidiaries or its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries;
- (c) the execution, delivery, and performance by the Borrower of this Plan Support Agreement does not and shall not require any registration or filing with, consent or approval of, notice to, or other action to, with or by, any federal, state, or governmental authority or regulatory body;
- (d) to the best of its knowledge, after reasonable diligence, the information provided in connection with the Restructuring and this Plan Support Agreement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and
- (e) subject to the assumption of this Plan Support Agreement pursuant to 11 U.S.C. § 365, this Plan Support Agreement is, and shall be, a legally valid and binding obligation of the Borrower, enforceable in accordance with its terms.

6. Representations and Warranties of the Consenting Holders. Each Consenting Holder represents and warrants to the Borrower that the following statements are true, correct, and complete as of the date hereof:

(a) it has all requisite corporate, partnership, limited liability company, or similar authority to enter into this Plan Support Agreement and perform its obligations contemplated hereunder, and the execution and delivery of this Plan Support Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate, limited liability, partnership, or other similar action on its part;

(b) the execution, delivery, and performance by the undersigned of and under this Plan Support Agreement does not and shall not violate any provision of law, rule, or regulation applicable to it or any of its subsidiaries or its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries;

(c) the execution, delivery, and performance by the undersigned of and under this Plan Support Agreement does not and shall not require any registration or filing with, consent or approval of, notice to, or other action to, with or by, any federal, state or governmental authority or regulatory body; and

(d) this Plan Support Agreement is the legally valid and binding obligation of such Consenting Holder, enforceable in accordance with its terms.

7. Alternative Transactions. From and after execution of this Plan Support Agreement until it is terminated pursuant to Section 8 hereof, and subject to the Borrower's business judgment and exercise of its fiduciary duties, none of the Borrower, or any of its respective officers, directors, employees, agents, representatives, or affiliates (including any investment banker or financial advisor retained by the Borrower or any of the foregoing) shall, directly or indirectly, encourage, solicit, or initiate any inquiry or proposal from, or encourage, solicit, or initiate any negotiations with, or solicit or initiate any discussions with any person or entity (other than the Consenting Holders and the Bond Trustee or an affiliate, associate, representative or agent of the Consenting Holders) concerning any potential sale of the Borrower or restructuring of the Borrower or a transaction that is similar to, in conflict with or in substitution of the Restructuring pursuant to the terms hereof (each, an "Alternative Transaction"), or agree to endorse or take any other action to facilitate any Alternative Transaction, unless the Borrower has obtained the prior written consent of the Consenting Holders holding all rights related to or otherwise having voting authority with respect to 75% of the principal amount of the Bonds held collectively by the Consenting Holders who are signatory hereto (the "Requisite Consenting Holders").

8. Termination of Support Agreement. Upon the occurrence of any Support Agreement Termination Event, this Plan Support Agreement shall be deemed terminated upon written notice from the non-breaching Party to the breaching Party. In the event of any such termination, all Parties shall be immediately relieved of any obligations hereunder. If the Chapter 11 Case has been filed prior to such occurrence, such notice may be provided as part of a motion for relief from the automatic stay; *provided* that

nothing herein shall be deemed to require a motion for relief from the automatic stay to effect such termination. Notwithstanding the above or anything else in this Plan Support Agreement to the contrary, upon termination of this Plan Support Agreement, any Consenting Holder shall be entitled as of right to change or withdraw its vote in favor of the Plan and be relieved from all obligations of a Consenting Holder under this Plan Support Agreement (collectively, a "Withdrawal"), with prior written notice thereof to the Borrower and, if applicable, compliance with Rule 3018 of the Federal Rules of Bankruptcy Procedure. The occurrence of any one or more the following shall constitute a "Support Agreement Termination Event":

- (a) Failure by the Parties hereto to agree to the form and substance of any of the Plan Support Documents, the 2014 Bond Documents, or the Bankruptcy Documents by the earlier of the Petition Date or the Outside Petition Date;
- (b) Any of the Bankruptcy Documents is withdrawn, materially modified or amended (except in the case of a document which is an interim order, by replacement with a final order that would otherwise meet the requirements of a Bankruptcy Document, or with the consent of the Consenting Holders and/or the Bond Trustee);
- (c) The Borrower fails to file the Bankruptcy Documents on the Petition Date;
- (d) The Petition Date is not on or before the Outside Petition Date;
- (e) The Borrower:
 - i) files or supports confirmation of, or fails to actively oppose confirmation of, a plan of reorganization that requests or would result in a withdrawal, modification, or amendment of the Plan, or that, as to any provision of the Plan, materially adversely affects the Consenting Holders;
 - ii) files a motion, pleading, objection, lawsuit, or administrative or adversary proceeding (or takes any action in support of such a motion or pleading filed by another party) in the Bankruptcy Court or other court, or otherwise assists in any of the foregoing, that requests or would result in a withdrawal, modification, or amendment (including in the case of document which is an interim order, by replacement with a final order) of the Restructuring; or
 - iii) files a motion, complaint, application, or other request seeking to disallow, subordinate, or limit in any way the

Bonds held by the Consenting Holders, the Claims, or the liens of the Consenting Holders and/or the Bond Trustee, or seeking entry of an order by the Bankruptcy Court disallowing, subordinating, or limiting in any way the Bonds, Claims, or liens of the Consenting Holders and/or the Bond Trustee, or asserting a claim against any Consenting Holder and/or the Bond Trustee to avoid any transfer or obligation, or seeking any other monetary or equitable relief from or against any Consenting Holder and/or the Bond Trustee, in its capacity as such.

(f) Following the Petition Date, the Bankruptcy Court has:

- i) not approved the Disclosure Statement by September 8, 2014, or by such later date as is agreed to in writing by the Requisite Consenting Holders;
- ii) not entered an order authorizing the assumption of this Plan Support Agreement under Section 365 of the Bankruptcy Code within forty-five (45) days of the Petition Date or such later date as is agreed to in writing by the Requisite Consenting Holders;
- iii) not entered the Confirmation Order by October 24, 2014, or by such later date as is agreed to in writing by the Requisite Consenting Holders;
- iv) entered an order denying confirmation of the Plan;
- v) entered an order pursuant to Section 1104 of the Bankruptcy Code appointing a trustee or appointing an examiner with powers beyond the duty to investigate and report (as set forth in Sections 1106(a)(3) and (4) of the Bankruptcy Code), including, without limitation, to operate and manage the Borrower's business (unless the motion resulting in such order was filed or supported by the Bond Trustee), or the Borrower files a motion, application or other pleading consenting to or acquiescing in any such appointment;
- vi) entered an order dismissing the Chapter 11 Case or an order pursuant to Section 1112 of the Bankruptcy Code converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code;

- vii) enters an order suspending the Chapter 11 Case under Section 305 of the Bankruptcy Code;
- viii) enters an order materially staying, reversing, vacating, materially amending or modifying the Cash Collateral Order (which for purposes hereof shall include any interim or final cash collateral order) without the prior written approval of the Bond Trustee, or fails to enter an order approving the use of Cash Collateral on a final basis by August 22, 2014;
- ix) enters an order in the Chapter 11 Case, over the objection of the Bond Trustee, approving financing pursuant to Section 364 of the Bankruptcy Code that (i) would grant an additional security interest or a lien that is equal or senior to that of the Bond Trustee on any collateral, or (ii) would grant to any party other than the Bond Trustee a superpriority administrative claim that is senior or equal to that granted to the Bond Trustee under the Cash Collateral Order; or
- x) granted relief that is inconsistent with this Plan Support Agreement or the Plan or that would result in a withdrawal, modification, or amendment of the Restructuring that is contrary to the Term Sheet and that has a material adverse effect on the Consenting Holders; *provided* that such relief has not resulted from any action or inaction by any of the Consenting Holders or the Bond Trustee.

(g) The Effective Date of the Plan shall not have occurred by November 28, 2014 or by such later date as is agreed to by the Requisite Consenting Holders;

(h) An injunction, judgment, order, decree, ruling, or charge shall have been entered that prevents consummation of the Restructuring and that remains in effect for longer than 30 days;

(i) There is a mutual written agreement to terminate this Plan Support Agreement by the Parties;

(j) Failure by the Borrower to comply with any obligations under this Plan Support Agreement, other than those set forth in this Section 8, and such failure is not cured within five (5) business days after written notice thereof has been given to the Borrower;

(k) Failure by the Borrower to comply with any obligations under this Section 8; and

(l) Failure by any of the Consenting Holders to comply with any of their obligations under this Plan Support Agreement, and such failure is not cured within five (5) business days after written notice thereof has been given by the Borrower to such Consenting Holder and the Bond Trustee.

A Support Agreement Termination Event may be waived in writing by the Requisite Consenting Holders and/or the Borrower, as applicable.

9. Effect of Termination. Subject to Section 14 of this Plan Support Agreement, upon termination of this Plan Support Agreement, all obligations hereunder, shall terminate and shall be of no force and effect.

10. Cooperation; Further Assurances; Acknowledgment; Definitive Documents. The Parties shall cooperate with each other and shall coordinate their activities (to the extent practicable) in respect of all commercially reasonable actions necessary to consummate the Restructuring. The Parties further agree to execute and deliver such other instruments and to perform such commercially reasonable acts, in addition to the matters herein specified, as may be appropriate or necessary, from time to time, to effectuate the Restructuring.

11. Amendments. This Plan Support Agreement may not be modified, amended or supplemented except in a writing signed by the Parties.

12. GOVERNING LAW; JURISDICTION. THIS PLAN SUPPORT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICT OF LAWS PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY ITS EXECUTION AND DELIVERY OF THIS PLAN SUPPORT AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ANY LEGAL ACTION, SUIT, OR PROCEEDING AGAINST IT WITH RESPECT TO ANY MATTER UNDER, OR ARISING OUT OF OR IN CONNECTION WITH, THIS PLAN SUPPORT AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RENDERED IN ANY SUCH ACTION, SUIT, OR PROCEEDING, SHALL BE BROUGHT IN ANY FEDERAL OR STATE COURT IN THE STATE OF NEW YORK HAVING JURISDICTION, AND BY EXECUTION AND DELIVERY OF THIS PLAN SUPPORT AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY ACCEPTS AND SUBMITS ITSELF TO THE EXCLUSIVE JURISDICTION OF EACH SUCH COURT, GENERALLY AND UNCONDITIONALLY, WITH RESPECT

TO ANY SUCH ACTION, SUIT OR PROCEEDING; PROVIDED, THAT AFTER THE PETITION DATE THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE JURISDICTION OVER ANY ISSUES RELATING TO THIS PLAN SUPPORT AGREEMENT PROVIDED THAT THE BANKRUPTCY COURT SHALL FOLLOW APPLICABLE CHOICE OF LAW RULES.

13. Specific Performance. It is understood and agreed by the Parties that the exact nature and extent of damages resulting from a breach of this Plan Support Agreement are uncertain at the time of entering into this Plan Support Agreement and that breach of this Plan Support Agreement would result in damages that would be difficult to determine with certainty. It is understood that money damages would not be a sufficient remedy for any breach of this Plan Support Agreement, and the Parties shall each be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach. Such remedies shall be deemed the exclusive remedies for breach of this Plan Support Agreement by any Party or its representatives.

14. Survival. Notwithstanding any sale of the Bonds outstanding or Claims in accordance with Section 3(b) of this Plan Support Agreement, the agreements and obligations herein shall survive such sale and shall continue in full force and effect for the benefit of the Borrower and the Consenting Holders in accordance with the terms hereof, and any purchaser of such Bonds and/or Claims shall be bound by and subject to the terms of this Plan Support Agreement.

15. Headings. The headings of the Sections, paragraphs, and subsections of this Plan Support Agreement are inserted for convenience only, and shall not affect the interpretation hereof.

16. Successors and Assigns; Severability; Several Obligations. This Plan Support Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators, and representatives. The invalidity or unenforceability at any time of any provision hereof shall not affect or diminish in any way the continuing validity and enforceability of the remaining provisions hereof. The agreements, representations, and obligations of the Consenting Holders under this Plan Support Agreement are, in all respects, several and not joint.

17. No Third-Party Beneficiaries. Unless expressly stated herein, this Plan Support Agreement shall be solely for the benefit of the Parties, and no other person or entity shall be a third party beneficiary hereof.

18. Consideration. It is hereby acknowledged by the Parties that no consideration shall be due or paid to the Consenting Holders and the Bond Trustee for agreement of the Consenting Holders to support the Restructuring and to vote in favor of the Plan in accordance with the terms and conditions of this Plan Support Agreement, other than the Borrower's agreement to pursue the Restructuring and to file, pursue

confirmation of, and implement the Plan in accordance with the terms and conditions of this Plan Support Agreement, which the Parties acknowledge is fair and sufficient consideration to support the Parties' respective agreements hereunder.

19. Prior Negotiations; Entire Agreement. This Plan Support Agreement constitutes the entire agreement of the Parties related to the Restructuring, and supersedes all other prior negotiations with respect to the subject matter hereof, except that the Parties acknowledge that all Bond Documents shall continue in full force and effect.

20. Counterparts. This Plan Support Agreement and any amendments, joinders (including the joinder in the form of **Exhibit 2** hereto), consents, or supplements hereto, may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. Facsimile or scanned signatures on this Plan Support Agreement shall be treated as originals for all purposes.

21. Construction. This Plan Support Agreement shall be deemed to have been negotiated and prepared at the joint request, direction, and construction of the Parties, and at arm's length and shall be interpreted without favor to any Party.

22. Time of the Essence. Time shall be of the essence with respect to each and every of the various undertakings and obligations set forth in this Plan Support Agreement.

23. Notices. All notices, demands, requests, consents, approvals, and other communications ("Notice" or "Notices") hereunder shall be in writing and delivered by (i) courier or messenger service, (ii) express or overnight mail, (iii) electronic mail (with a contemporaneous telephone message at the phone number(s) listed below), or (iv) by registered or certified mail, return receipt requested and postage prepaid, addressed to the respective parties as follows:

If to Borrower:

Amsterdam House Continuing Care Retirement
Community, Inc.
Attn: James Davis
300 East Overlook
Port Washington, New York, 11050
E-mail: jdavis@amsterdamnh.org

Copy to:

Cadwalader, Wickersham & Taft LLP
Attn: Ingrid Bagby, Esq. and Christopher Updike, Esq.
Cadwalader, Wickersham & Taft, LLP
One World Financial Center
New York, New York, 10281
E-mail: Ingrid.Bagby@cwt.com

If to Trustee:

UMB Bank, n.a.,
Attn: Virginia A. Housum, Senior Vice President
120 South 6th Street, Suite 1400
Minneapolis, MN 55403
Telephone: 612-308-9775
e-mail: Virginia.Housum@umb.com

Copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Attn: Daniel S. Bleck, Esq.
One Financial Center
Boston, MA 02111
Telephone.: 617-542-6000
e-mail: dsbleck@mintz.com

Copy to:

Consenting Bondholders
[See Schedule 1 Attached Hereto]

or to such other addresses as any Party may hereafter designate. Notice by courier or messenger service or by express or overnight mail shall be effective upon receipt. Notice by electronic mail shall be effective upon delivery by the sender of a confirming telephone message. Notice by mail shall be complete at the time of deposit in the United States mail system, but any right or duty to do any act or make any response within any prescribed period or on a date certain after the service of such Notice given by mail shall be, without further action by any party, automatically extended three (3) days.

24. Reservation of Rights. Except as expressly provided in this Plan Support Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of any Party to protect and preserve its rights, remedies, and interests, including its Claims. Nothing herein shall be deemed an admission of any kind. If the transactions contemplated herein are not consummated, or this Plan Support Agreement is terminated for any reason, the Parties hereto fully reserve any and all of their rights.

Except as required by the Bankruptcy Code to assume, perform, or disclose this Plan Support Agreement, pursuant to Rule 408 of the Federal Rule of Evidence, any applicable state rules of evidence, and any other applicable law, foreign or domestic, this Plan Support Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

25. Fiduciary Duty. Nothing contained in this Plan Support Agreement shall prevent the Borrower from taking or failing to take any action that it is obligated to take (or not to take, as the case may be) in performance of any fiduciary duty that it may owe to any person or entity under applicable law; *provided, however,* that any such action that results in a Support Agreement Termination Event under this Plan Support Agreement shall be subject to the provisions set forth in Section 8 hereof.

26. Nature of Consenting Holder Obligations. The obligations of each Consenting Holder hereunder shall be several, and not joint with the obligations of any other Consenting Holder herein, and no Consenting Holder shall be responsible in any way for the performance of the obligations of any other Consenting Holder hereunder. Nothing herein or in any other agreement or document, and no action taken by any Consenting Holder pursuant hereto or thereto, shall be deemed to constitute the Consenting Holders as a group, a partnership, an association, a joint venture or any other kind of entity, or to create a presumption that the Consenting Holders are in any way acting in concert or as a group with respect to such obligations or the transaction contemplated by this Plan Support Agreement. Each Consenting Holder shall be entitled to protect and enforce its rights, including without limitation, the rights arising out of this Plan Support Agreement, and it shall not be necessary for any other Consenting Holder to be joined as an additional party in the proceeding for such purpose.

27. Automatic Stay. The Borrower acknowledges that after any commencement of the Chapter 11 Case, the giving of notice of termination by any Party pursuant to this Plan Support Agreement or a Withdrawal shall not be a violation of the automatic stay of Section 362 of the Bankruptcy Code.

28. Support Agreement Not a Plan. This Plan Support Agreement does not constitute a plan of reorganization or confirmation thereof under the Bankruptcy Code. The Plan will not become effective unless and until the Bankruptcy Court enters an order confirming the Plan and the Plan becomes effective in accordance with its terms. This Plan Support Agreement is not intended to constitute a solicitation or acceptance of the Plan.

IN WITNESS WHEREOF, the parties have caused this Plan Support Agreement to be executed in their respective names by their duly authorized officers, all dated as of the date first above written.

**INVESCO HIGH YIELD MUNICIPAL FUND
INVESCO TRUST FOR INVESTMENT GRADE
NEW YORK MUNICIPALS
INVESCO NEW YORK TAX FREE INCOME FUND
INVESCO MUNICIPAL INCOME
OPPORTUNITIES TRUST
INVESCO MUNICIPAL OPPORTUNITY TRUST**

By: Elizabeth Wilson
Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$39,750,000
Principal Amount of the Series C Bonds: \$17,595,000

**WADDELL & REED ADVISORS MUNI HIGH INCOME & IVY
MUNI HIGH INCOME**

By: _____
Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$26,250,000
Principal Amount of the Series C Bonds: \$11,620,000

**OPPENHEIMER ROCHESTER AMT-FREE NEW YORK
MUNICIPAL FUND
OPPENHEIMER ROCHESTER FUND MUNICIPALS
OPPENHEIMER ROCHESTER HIGH YIELD MUNICIPAL
FUND**

By: _____
Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$16,075,000
Principal Amount of the Series C Bonds: \$7,120,000

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INVESCO TRUST FOR INVESTMENT GRADE
NEW YORK MUNICIPALS
INVESCO NEW YORK TAX FREE INCOME FUND
INVESCO MUNICIPAL INCOME
OPPORTUNITIES TRUST
INVESCO MUNICIPAL OPPORTUNITY TRUST**

By: _____

Its Authorized Representative
and not individually

Principal Amount of the Series A Bonds: \$39,750,000
Principal Amount of the Series C Bonds: \$17,595,000

**WADDELL & REED ADVISORS MUNI HIGH INCOME & IVY
MUNI HIGH INCOME**

By: 

Its Authorized Representative
and not individually

Principal Amount of the Series A Bonds: \$26,250,000
Principal Amount of the Series C Bonds: \$11,620,000

**OPPENHEIMER ROCHESTER AMT-FREE NEW YORK
MUNICIPAL FUND
OPPENHEIMER ROCHESTER FUND MUNICIPALS
OPPENHEIMER ROCHESTER HIGH YIELD MUNICIPAL
FUND**

By: _____

Its Authorized Representative
and not individually

Principal Amount of the Series A Bonds: \$16,075,000
Principal Amount of the Series C Bonds: \$7,120,000

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**INVESCO HIGH YIELD MUNICIPAL FUND
INVESCO TRUST FOR INVESTMENT GRADE
NEW YORK MUNICIPALS
INVESCO NEW YORK TAX FREE INCOME FUND
INVESCO MUNICIPAL INCOME
OPPORTUNITIES TRUST
INVESCO MUNICIPAL OPPORTUNITY TRUST**

By: _____

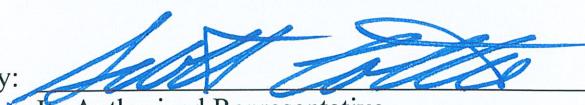
Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$39,750,000
Principal Amount of the Series C Bonds: \$17,595,000

**WADDELL & REED ADVISORS MUNI HIGH INCOME & IVY
MUNI HIGH INCOME**

By: _____

Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$26,250,000
Principal Amount of the Series C Bonds: \$11,620,000

**OPPENHEIMER ROCHESTER AMT-FREE NEW YORK
MUNICIPAL FUND
OPPENHEIMER ROCHESTER FUND MUNICIPALS
OPPENHEIMER ROCHESTER HIGH YIELD FUND**

By: 

Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$16,075,000
Principal Amount of the Series C Bonds: \$7,120,000

T. ROWE PRICE TAX-FREE HIGH YIELD FUND, INC.
NEW YORK TAX-FREE BOND FUND (a series of the T. Rowe Price State Tax-Free Income Trust)
T. ROWE PRICE SUMMIT MUNICIPAL INCOME FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.)
T. ROWE PRICE SUMMIT MUNICIPAL INTERMEDIATE FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.)

By: T. Rowe Price Associates, Inc., as Investment Adviser

By: 

Its Authorized Representative
and not individually

Principal Amount of the Series A Bonds: \$17,870,000

Principal Amount of the Series C Bonds: \$7,910,000

**ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND,
INC./HIGH INCOME MUNICIPAL PORTFOLIO**

By: _____

Its Authorized Representative
and not individually

Principal Amount of the Series A Bonds: \$7,770,000

Principal Amount of the Series C Bonds: \$3,440,000

WESTERN ASSET MANAGEMENT COMPANY

By: _____

Its Authorized Representative
and not individually

Principal Amount of Series A Bonds: \$11,840,000

T. ROWE PRICE TAX-FREE HIGH YIELD FUND, INC.
NEW YORK TAX-FREE BOND FUND (a series of the T. Rowe Price State Tax-Free Income Trust)
T. ROWE PRICE SUMMIT MUNICIPAL INCOME FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.)
T. ROWE PRICE SUMMIT MUNICIPAL INTERMEDIATE FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.)

By: T. Rowe Price Associates, Inc., as Investment Adviser

By: _____
Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$17,870,000
Principal Amount of the Series C Bonds: \$7,910,000

AllianceBernstein Municipal Income Fund, Inc. –
AllianceBernstein High Income Municipal Portfolio

AllianceBernstein Corporate Shares –
AllianceBernstein Municipal Income Shares

AllianceBernstein Municipal Income Fund, Inc. –
New York Portfolio

By: 
Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$7,770,000
Principal Amount of the Series C Bonds: \$3,440,000

WESTERN ASSET MANAGEMENT COMPANY

By: _____
Its Authorized Representative
and not individually
Principal Amount of Series A Bonds: \$11,840,000

T. ROWE PRICE TAX-FREE HIGH YIELD FUND, INC.
NEW YORK TAX-FREE BOND FUND (a series of the T. Rowe Price State Tax-Free Income Trust)
T. ROWE PRICE SUMMIT MUNICIPAL INCOME FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.)
T. ROWE PRICE SUMMIT MUNICIPAL INTERMEDIATE FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.)

By: T. Rowe Price Associates, Inc., as Investment Adviser

By: _____

Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$17,870,000
Principal Amount of the Series C Bonds: \$7,910,000

ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC./HIGH INCOME MUNICIPAL PORTFOLIO

By: _____

Its Authorized Representative
and not individually
Principal Amount of the Series A Bonds: \$7,770,000
Principal Amount of the Series C Bonds: \$3,440,000

WESTERN ASSET MUNICIPAL PARTNERS FUND INC.
MUNICIPAL HIGH INCOME PORTFOLIO
WESTERN ASSET NEW YORK MUNICIPALS FUND
WESTERN ASSET INTERMEDIATE-TERM MUNICIPALS FUND

By: _____

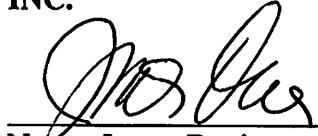

Its Authorized Representative
and not individually
Principal Amount of Series A Bonds: \$11,840,000

Michael A. Van Raaphorst
Head of New York Operations/Client Service/i

EXECUTION COPY

BORROWER:

**AMSTERDAM HOUSE CONTINUING CARE RETIREMENT COMMUNITY,
INC.**



Name: James Davis
Title: President and Chief Executive Officer

SCHEDULE 1**“CONSENTING HOLDERS”**

| Consenting Bondholder | Principal Amount of Bonds Owned |
|--|--|
| INVESCO HIGH YIELD MUNICIPAL FUND INVESCO TRUST FOR INVESTMENT GRADE NEW YORK MUNICIPALS INVESCO NEW YORK TAX FREE INCOME FUND INVESCO MUNICIPAL INCOME OPPORTUNITIES TRUST INVESCO MUNICIPAL OPPORTUNITY TRUST | Series A Bonds: \$39,750,000 Series C Bonds: \$17,595,000 |
| WADDELL & REED ADVISORS MUNI HIGH INCOME & IVY MUNI HIGH INCOME | Series A Bonds: \$26,250,000 Series C Bonds: \$11,620,000 |
| OPPENHEIMER ROCHESTER AMT-FREE NEW YORK MUNICIPAL FUND OPPENHEIMER ROCHESTER FUND MUNICIPALS OPPENHEIMER ROCHESTER HIGH YIELD MUNICIPAL FUND | Series A Bonds: \$16,075,000 Series C Bonds: \$7,120,000 |

| | |
|---|---|
| T. ROWE PRICE TAX-FREE HIGH YIELD FUND, INC. NEW YORK TAX-FREE BOND FUND (a series of the T. Rowe Price State Tax-Free Income Trust) T. ROWE PRICE SUMMIT MUNICIPAL INCOME FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.) T. ROWE PRICE SUMMIT MUNICIPAL INTERMEDIATE FUND (a series of the T. Rowe Price Summit Municipal Funds, Inc.) | Series A Bonds: \$17,870,000 Series C Bonds: \$7,910,000 |
| ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC./HIGH INCOME MUNICIPAL PORTFOLIO | Series A Bonds: \$7,770,000 Series C Bonds: \$3,440,000 |
| WESTERN ASSET MUNICIPAL PARTNERS FUND INC. MUNICIPAL HIGH INCOME PORTFOLIO WESTERN ASSET NEW YORK MUNICIPALS FUND WESTERN ASSET INTERMEDIATE-TERM MUNICIPALS FUND | Series A Bonds: \$11,840,000 |

EXHIBIT 1

TERM SHEET

RESTRUCTURING TERM SHEET

This Restructuring Term Sheet (this “**Term Sheet**”), dated as of July 21, 2014 (the “**Execution Date**”), sets forth certain of the principal terms and conditions of a financial restructuring (the “**Restructuring Transaction**”) of the outstanding indebtedness of Amsterdam House Continuing Care Retirement Community, Inc. (“**Amsterdam**” or the “**Debtor**”), including, without limitation, (i) \$167,895,000 Nassau County Industrial Development Agency Continuing Care Retirement Community Fixed Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007A (the “**Series 2007A Bonds**”), (ii) \$8,500,000 Nassau County Industrial Development Agency Continuing Care Retirement Community Adjustable Rate Revenue Bonds (Amsterdam at Harborside Project) Series 2007B (the “**Series 2007B Bonds**”), and (iii) \$95,100,000 Nassau County Industrial Development Agency Continuing Care Retirement Community Variable Rate Demand Revenue Bonds (Amsterdam at Harborside Project) Series 2007C (the “**Series 2007C Bonds**” and together with the Series 2007A Bonds and the Series 2007B Bonds, the “**Series 2007 Bonds**”) pursuant to that certain Indenture of Trust (the “**2007 Indenture**”), dated as of December 1, 2007, between the Nassau County Industrial Development Agency (the “**Issuer**”) and UMB Bank, n.a., as trustee (the “**Trustee**”).

The Restructuring Transaction contemplates, among other things, an exchange of the outstanding Series 2007 Bonds in the aggregate principal amount of approximately \$222,375,000, plus accrued and unpaid interest thereon, as provided for herein, for new Series 2014A Bonds, Series 2014B Bonds and Series 2014C Bonds (as such terms are hereinafter defined). This Term Sheet contemplates the consummation of the Restructuring Transaction through a plan of reorganization (the “**Plan**”) in a chapter 11 proceeding of Amsterdam (the “**Anticipated Bankruptcy Proceeding**”) pending before a court of competent jurisdiction (the “**Bankruptcy Court**”) as more fully described below.

This Term Sheet and the undertakings contemplated herein are subject in all respects to the negotiation, execution and delivery of mutually acceptable definitive documentation between Amsterdam, the Issuer, the Trustee, and the members of an informal steering committee comprised of bondholders currently holding 75% of the outstanding aggregate principal amount of Series 2007 Bonds (the “**Steering Committee**”). This Term Sheet is not and shall not be deemed to be a solicitation of votes for the acceptance of the Plan or any plan of reorganization.

THE TERM SHEET IS BEING PROVIDED AS PART OF A COMPREHENSIVE COMPROMISE AND SETTLEMENT, EACH ELEMENT OF WHICH IS CONSIDERATION FOR THE OTHER ELEMENTS AND AN INTEGRAL ASPECT OF THE PROPOSED RESTRUCTURING OF THE SERIES 2007 BONDS. THE TERM SHEET IS SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND COMPARABLE STATE STATUTES. NOTHING IN THE TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, SOLELY FOR SETTLEMENT PURPOSES, WITH A FULL RESERVATION AS TO ALL RIGHTS, REMEDIES AND DEFENSES OF AMSTERDAM, THE TRUSTEE, THE STEERING COMMITTEE, AND ALL OTHER PARTIES.

Capitalized terms not otherwise defined herein shall have the meanings given to them in the 2007 Indenture.

A. Implementation of Restructuring Transaction

| | |
|---------------------|--|
| Plan Process | The Restructuring Transaction will be implemented through the Plan. The Series 2014A Bonds, Series 2014B Bonds and Series 2014C Bonds (each as defined below and collectively, the “ Series 2014 Bonds ”) will be issued on the effective date of the Plan (the |
|---------------------|--|

| | |
|---|--|
| | <p>“<i>Effective Date</i>”) pursuant to an Indenture of Trust (“<i>2014 Indenture</i>” and together with all related documents necessary for the issuance of the Series 2014 Bonds, the “<i>2014 Bond Documents</i>”) between the Issuer and the Trustee.</p> <p>The Plan contemplates acceptances from the holders of at least two-thirds in dollar amount and a majority in number of the holders of the Series 2007 Bonds that vote to accept or reject the Plan.</p> <p>Amsterdam will file in the Anticipated Bankruptcy Proceeding a Plan and disclosure statement to the Plan (the “<i>Disclosure Statement</i>”), that is acceptable to the Trustee, which contains the terms and conditions outlined in the Term Sheet, on the timeline set forth below. Prior to the filing of the Anticipated Bankruptcy Proceeding, Amsterdam shall provide the Plan, Disclosure Statement, Cash Collateral Agreement (defined herein) and all other principal documents associated with the Anticipated Bankruptcy Proceeding (collectively, the “<i>Bankruptcy Documents</i>”) to the Trustee for its review and consent. Any substantive amendments, modifications or supplements to the Bankruptcy Documents shall be reviewed by, and acceptable to, the Trustee; provided, however, that no amendment, modification, or supplement shall be materially different from the Term Sheet.</p> |
| Plan Support | <p>Prior to the commencement of the Anticipated Bankruptcy Proceeding, and subject to the timeline set forth herein, the Steering Committee agrees to take all necessary steps to enter into a binding plan support agreement (the “<i>Plan Support Agreement</i>”) concerning the Steering Committee’s commitment to and support of the Plan.</p> <p>The Steering Committee agrees to take all steps necessary to support confirmation of the Plan, pursuant to the terms of the Plan Support Agreement, and the Steering Committee agrees to not take any actions inconsistent with this Term Sheet, and to direct the Trustee not to take any actions inconsistent with this Term Sheet. The Steering Committee agrees to vote or cause to be voted all such claims that the Steering Committee’s members control, or have the ability to control, to accept the Plan by delivering a duly executed and completed ballot or ballots, as applicable, accepting the Plan on a timely basis pursuant to the ongoing solicitation of votes for the Plan and shall not change such vote. The Steering Committee agrees not to vote or cause to be voted (to the extent applicable) any of the claims that the Steering Committee’s members hold, control, or have the ability to control to reject the Plan, and agree not to otherwise commence any proceeding to oppose the Plan or object to confirmation thereof. All such actions by the Steering Committee are subject to the terms of the Plan Support Agreement.</p> |
| Forbearance Period Extension | <p>The Trustee and Amsterdam agree to take all necessary steps to enter into a further amendment (the “<i>Amendment</i>”) to the Amended and Restated Forbearance Agreement, dated March 21, 2014 (“<i>Amended and Restated Forbearance Agreement</i>”), extending the Forbearance Period (as defined in the Amended and Restated Forbearance Agreement) through the earlier of the date of commencement of the Anticipated Bankruptcy Proceeding (the “<i>Petition Date</i>”) or July 25, 2014.</p> |
| Steering Committee Retention of Bonds and Claims | <p>The Steering Committee agrees that it shall not sell, transfer, assign, or otherwise dispose of, directly or indirectly, any of the Series 2007 Bonds, or any right, claim, or interest (voting or otherwise) related to or arising from the Series 2007 Bonds, held by its respective members, subject to the terms and conditions of the Plan Support Agreement.</p> |
| Escrow of Entrance Fees Received Post- | <p>All Entrance Fees received after the commencement of the Anticipated Bankruptcy Proceeding but before the Effective Date (“<i>Escrowed Entrance Fees</i>”) shall be held in</p> |

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| Petition | escrow solely for the benefit of the corresponding resident, and shall not constitute property of the Debtor's bankruptcy estate. Amsterdam will file a first-day motion in the Anticipated Bankruptcy Proceeding requesting authority to effectuate such escrow, pursuant to an Initial Entrance Fee escrow agreement acceptable to the Trustee. |
| Assumption of Residence Agreements and Related Obligations | The Plan shall provide that Amsterdam will assume all existing Residence Agreements, including but not limited to those agreements with residents of Amsterdam's Assisted Living Units and Nursing Center and their related obligations, including the obligation of Amsterdam to pay any resident refunds required to be satisfied under the terms of the Residence Agreements (" Refunds "). |
| Trade Creditor and Vendor Claims Paid in Full | The Plan shall provide that the claims of all trade creditors and vendors shall be paid in full. |

B. Terms of Restructuring

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| Exchange | <p>On the Effective Date, the holders of the Series 2007A Bonds and Series 2007B Bonds shall exchange the then outstanding Series 2007A Bonds and Series 2007B Bonds for a pro rata share of (i) certain Series 2014A Bonds issued in the aggregate principal amount equal to 75% of the then outstanding Series 2007A Bonds and Series 2007B Bonds and (ii) certain Series 2014C Bonds issued in the aggregate principal amount equal to (A) 25% of the then outstanding Series 2007A Bonds and Series 2007B Bonds, plus (B) interest accrued on such Series 2007 Bonds from the Petition Date through the Effective Date at the post-effective restructuring rate of interest.</p> <p>On the Effective Date, the holders of the Series 2007C Bonds shall exchange their Series 2007C Bonds for a pro rata share of (i) certain Series 2014A Bonds issued in the aggregate principal amount equal to \$11,921,250, (ii) certain Series 2014B Bonds issued in the aggregate principal amount equal to \$23,842,500, and (iii) certain Series 2014C Bonds issued in the aggregate principal amount equal to (A) 25% of the then outstanding Series 2007C Bonds, plus (B) interest accrued on such Series 2007 Bonds from the Petition Date through the Effective Date at 5.9% per annum.</p> |
| Series 2014A Bonds | <p>The Series 2014A Bonds shall be issued as current paying bonds with an aggregate principal amount equal to (i) approximately 75% of the then outstanding principal amount of the Series 2007A Bonds and Series 2007B Bonds, plus (ii) \$11,921,250 with respect to the Series 2007C Bonds. The Series 2014A Bonds shall bear interest at and have maturities in the years and in principal amounts as set forth on Schedule 1 hereto. The Series 2014A Bonds shall further be subject to mandatory redemption/amortization as set forth in Schedule 2 hereto. Interest on the Series 2014A Bonds shall be payable semiannually following the Effective Date and principal shall be paid annually as set forth in Schedule 2.</p> <p>The Series 2014A Bonds will be secured by a first priority lien on all assets of Amsterdam (except for Entrance Fees) <i>pari passu</i> with the Series 2014B Bonds and a second priority lien on Entrance Fees. The Series 2014A Bond shall mature in 35 years.</p> <p>The Series 2014A Bonds will be subject to optional redemption prior to maturity commencing on the 10th year after the Effective Date at a price equal to: in year 10, at a</p> |

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| | price of 101% and thereafter at par. |
| Series 2014B Bonds | <p>The Series 2014B Bonds shall be issued as current paying bonds with an aggregate principal amount equal to \$23,842,500 at the Effective Date. The Series 2014B Bonds shall bear interest at 5.5%, payable semiannually, maturing in 5.5 years. The Series 2014B Bonds shall be subject to mandatory redemption from Entrance Fees, as set forth below.</p> <p>The Series 2014B Bonds will be secured by a first priority lien on Entrance Fees and shall be secured <i>pari passu</i> with the Series 2014A Bonds on the other assets of Amsterdam.</p> |
| Series 2014C Bonds | <p>The Series 2014C Bonds (the “<i>Series 2014C Bonds</i>”) shall be issued in an aggregate principal amount equal to (A) approximately 25% of the then outstanding principal amount of the Bonds as of the Effective Date, plus (B) interest accrued on the Series 2007 Bonds from the Petition Date through the Effective Date at the post-effective restructuring rate of interest; provided that for the Series 2007C Bonds, at 5.9% per annum.</p> <p>The Series 2014C Bonds shall bear interest at 2%, payable semiannually, but only to the extent of Excess Cash (defined below), in accordance with the Distribution Waterfall (defined below), applied first to accrued interest, then to principal. The Series 2014C Bonds shall mature in 35 years.</p> <p>Any balance outstanding on the Series 2014C Bonds at final maturity shall be due and payable in full.</p> <p>The Series 2014C Bonds will be secured by a lien on all assets of Amsterdam subordinate to the lien securing the Series 2014A Bonds and Series 2014B Bonds.</p> |
| Priority/Security | <p>The Series 2014A Bonds and the Series 2014B Bonds will be <i>pari passu</i>, secured by a first priority lien on all assets of Amsterdam (except Entrance Fees) and will be senior to the Series 2014C Bonds in repayment and security. The Series 2014B Bonds will have a first priority lien on all Entrance Fees and the Series 2014A Bonds will have a second priority lien on all Entrance Fees. The Series 2014C Bonds will be secured by a lien on all assets of Amsterdam subordinate to the lien securing the Series 2014A Bonds and Series 2014B Bonds.</p> |
| Subordinate Obligations | <p>The \$3,000,000 Subvention Certificate to Amsterdam from Amsterdam Continuing Care Health System, Inc., dated March 31, 2004 (the “<i>Subvention</i>”), shall be assumed by Amsterdam as part of the Restructuring Transaction and the Plan, and shall continue to be enforceable according to its terms, provided that the Subvention is amended to reflect that no amounts thereon shall be paid until the Series 2014 Bonds are paid in full and it is confirmed that the Subvention has no negative impact on the actuarial analysis relating to the restructuring.</p> |
| Advisory Agreements | <p>The third party services advisors for Amsterdam (which as of the date hereof includes Amsterdam Consulting, LLC, Greystone Development Company II, LP and Greystone Management Services Company, LLC) and the terms and conditions of their respective agreements as of the Effective Date shall be as agreed to by Amsterdam with the reasonable approval of the Trustee.</p> |
| Mount Sinai CCRC | Amsterdam Continuing Care Health System, Inc. (the “ <i>Sponsor</i> ”) understands that subject |

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| Property and Contribution by Sponsor | <p>to the approval of the NYS Department of Health (“DOH”), the owner of the property in Mount Sinai, NY intended for development as a CCRC is in negotiations to sell the property to a third party who will assume the obligations under the HEAL Grant issued previously. If DOH agrees to the assignment of the HEAL Grant, upon completion of the sale, neither the Sponsor nor any other Amsterdam affiliate shall have any obligations under the HEAL Grant.</p> <p>Moreover, neither Amsterdam nor its Sponsor shall engage in any conduct within the within the primary market area or secondary market area of the Amsterdam at Harborside facility that competes with the sales efforts of the Amsterdam at Harborside facility. For the purposes of foregoing, “primary market area” is as defined in the feasibility study prepared by Dixon Hughes PLLC in connection with the issuance of the Series 2007 Bonds and “secondary market area” means the area within the following zip codes: 11001, 11003, 11004, 11005, 11010, 11042, 11354, 11355, 11356, 11357, 11358, 11359, 11360, 11361, 11362, 11363, 11364, 11365, 11366, 11367, 11375, 11423, 11426, 11427, 11428, 11429, 11439, 11549, 11550, 11552, 11553, 11554, 11797, 11801 and 11803.</p> |
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Indenture Held/Amsterdam Held Funds

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| Operating Account | <p>Upon the Effective Date, Amsterdam shall hold and maintain an operating account (the “Operating Account”), which shall be subject to the lien of the Trustee under the 2014 Indenture pursuant to a deposit account control agreement with a depository bank that is reasonably acceptable to the Trustee. The Operating Account shall contain no more than 45 Days Cash on Hand as an unrestricted reserve amount funded as of the Effective Date (the “Unrestricted Reserve Amount”). The Unrestricted Reserve Amount may be increased by Amsterdam’s share of the Excess Cash received pursuant to the Distribution Waterfall below until the Unrestricted Reserve Amount equals 120 Days Cash on Hand (the “Unrestricted Reserve Cap”).</p> |
| Entrance Fee Fund | <p>Upon the Effective Date, Amsterdam shall maintain the existing Entrance Fee Fund under the 2014 Indenture. After the Effective Date, pursuant to the 2014 Indenture, all Entrance Fees of Amsterdam shall be required to be deposited in the Entrance Fee Fund until the Series 2014B Bonds are paid in full.</p> <p>Entrance Fees will only be transferred from the Entrance Fee Fund after any applicable rescission rights under the Residence Agreements have expired.</p> <p>Entrance Fees on deposit in the Entrance Fee Fund shall be applied on a monthly basis as follows:</p> <ol style="list-style-type: none"> 1. To pay any Refunds; 2. To replenish the balance of the Operating Reserve Fund and the Operating Account to a combined total of 175 Days Cash on Hand; 3. To redeem Series 2014B Bonds in authorized denominations; and 4. After payment in full of the Series 2014B Bonds, any remaining Entrance Fee amounts will be transferred to the Revenue Fund (as defined herein) and shall be available to flow through the Distribution Waterfall (as defined herein). |
| Revenue Fund | <p>The 2014 Indenture shall establish a Revenue Fund with the Trustee, subject to the lien of</p> |

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| | the 2014 Indenture, pursuant to which all revenues and other income of Amsterdam (the “ Revenues ”), shall, upon the Effective Date, be deposited into a revenue fund (the “ Revenue Fund ”). Funds from the Revenue Fund shall be withdrawn pursuant to the Distribution Waterfall below. |
| Operating Reserve Fund | Upon the Effective Date, Amsterdam shall maintain the existing Operating Reserve Fund with the Trustee, subject to the lien of the 2014 Indenture, and fund such Operating Reserve Fund with an amount such that Amsterdam shall have 130 Days Cash on Hand ¹ as of the Effective Date. The amounts in the Operating Reserve Fund shall be available to Amsterdam for Operating Expenses (as defined herein) including those set forth in the First, Second, and Third of the Distribution Waterfall. |
| Bond Fund | Upon the Effective Date, Amsterdam shall establish a Bond Fund (the “ Bond Fund ”) under the 2014 Indenture, subject to the lien of the 2014 Indenture, with subaccounts for each series of Series 2014 Bonds. In accordance with the Distribution Waterfall below, the Bond Fund will receive (i) the monthly payments of principal and interest due and payable under the Series 2014A Bonds and Series 2014B Bonds, and (ii) Excess Cash (as defined below and to the extent provided for in the Distribution Waterfall) with such amounts then being distributed to the holders of the Series 2014C Bonds. |
| Debt Service Reserve Fund | Upon the Effective Date, Amsterdam shall establish a Debt Service Reserve Fund (the “ Debt Service Reserve Fund ”) under the 2014 Indenture, subject to the lien of the 2014 Indenture to secure payment of the Series 2014A Bonds and Series 2014B Bonds. All amounts held by the Trustee in the Debt Service Reserve Fund with respect to the Series 2007 Bonds shall be transferred to the new Debt Service Reserve Fund. The Debt Service Reserve Fund shall not become an asset of Amsterdam, but shall remain funds held by the Trustee for the benefit of the holders of the Series 2014A Bonds and Series 2014B Bonds. The Debt Service Reserve Fund Requirement shall equal (i) until the Series 2014B Bonds are paid in full, Annual Debt Service, which shall be satisfied prior to the commencement of the redemption of the Series 2014B Bonds and (ii) thereafter, Maximum Annual Debt Service. After payment in full of the Series 2014A Bonds and Series 2014B Bonds, the Debt Service Reserve Fund shall secure payment of the Series 2014C Bonds. |
| Distribution Waterfall | Upon the Effective Date, all Entrance Fees, including Escrowed Entrance Fees, shall be deposited with the Trustee in the Entrance Fee Fund. Such amounts, together with the balances of the Operating Account and the Operating Reserve Fund, as of such date, and any Revenues available to Amsterdam at such time, shall be applied in the following order of priority: <ol style="list-style-type: none"> 1. to pay any Refunds; 2. to pay all professional fees and expenses incurred in connection with the Restructuring Transaction (including, without limitation, any costs associated with obtaining opinions from bond counsel) subject to an agreed upon budget; |

¹ The term “**Days Cash on Hand**” means the sum of the amount in the Operating Reserve Fund and the Operating Account (collectively, “**Total Available Cash**”) divided by average daily cash expenditures. Average daily cash expenditures is defined as reported expenses per Amsterdam’ income statement (including any interest expenses) less depreciation and amortization (the “**Cash Operating Expenses**”) for the three (3) months preceding the measurement date multiplied by a multiple of four (4) and divided by 365 days. The Days Cash on Hand will be calculated and reported on a quarterly basis; however, Amsterdam shall produce monthly reports thirty (30) days following each month with respect to the Operating Reserve Fund until the later of Stabilized Occupancy (as defined in the 2014 Indenture) or the payment in full of the Series 2014B Bonds.

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| | <p>3. to pay interest on the Series 2007 Bonds accrued and unpaid through the date before the Petition Date (approximately \$1,696,996.98 assuming a July 22, 2014 Petition Date);</p> <p>4. to fund the Operating Reserve Fund in an amount equal to approximately 130 Days Cash on Hand (approximately \$11.1 million);</p> <p>5. to fund the Unrestricted Reserve Amount in an amount equal to approximately 45 Days Cash on Hand (approximately \$3.9 million); and</p> <p>6. to fund the Debt Service Reserve Fund up to the initial Debt Service Reserve Fund Requirement.</p> <p>Thereafter, all post-Effective Date Entrance Fees and other Revenues of Amsterdam shall be deposited in the Entrance Fee Fund or the Revenue Fund, as applicable; provided, however, that Revenues with respect to any government payor shall be deposited into an account in the name of Amsterdam, and such Revenues shall be swept into the Revenue Fund on a weekly basis.</p> <p>Subject to the next sentence, amounts on deposit in the Revenue Fund shall be made available to Amsterdam on a monthly basis to satisfy ongoing operations and management costs and expenses of Amsterdam, including, without limitation, any management fees, budgeted capital expenditures relating to Amsterdam, Refunds and replenishment of any Unrestricted Reserve Amount (collectively, the “Operating Expenses”). If an Event of Default (as defined in the 2014 Indenture) shall occur, then the monthly amounts on deposit in the Revenue Fund available for withdrawal to satisfy Operating Expenses shall be made available to Amsterdam in an amount not to exceed the amounts set forth in an operating budget established pursuant to the terms of the 2014 Indenture.</p> <p>On the first day of each calendar month, monies in the Revenue Fund shall be distributed in the following order of priority (the “Distribution Waterfall”):</p> <ul style="list-style-type: none"> • First, to transfer to Amsterdam’s Operating Account the amount certified by Amsterdam (in a certificate setting forth in reasonable detail the projected application of the amount so certified) as necessary to pay anticipated Operating Expenses for the upcoming month (taking into account any unapplied amount withdrawn for such purpose in a prior month); • Second, to the Series 2014A Bonds subaccount and the Series 2014B Bonds subaccount of the Bond Fund, in an amount equal to 1/6th of the interest due on the next interest payment date; • Third, to the Series 2014A Bonds subaccount and the Series 2014B Bonds subaccount of the Bond Fund, in an amount equal to 1/12th of the principal due on the next principal payment date; • Fourth, to replenish the balance of the Operating Reserve Fund and the Operating Account to a combined total of 175 Days Cash on Hand; • Fifth, to replenish any deficiency as of the Effective Date in the Debt Service Reserve Fund necessary to make the amount therein equal the Debt Service Reserve Fund Requirement; • Sixth, any remaining amounts after application of paragraphs first to fifth above (such remaining amounts referred to as “Excess Cash”) shall be transferred as follows until the amount in the Operating Account is funded up to the Unrestricted Reserve Cap: |
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| | <p>50% to the Operating Account and 50% to the Series 2014C Bonds subaccount of the Bond Fund to redeem Series 2014C Bonds; and thereafter, 100% of the Excess Cash shall be deposited in the Series 2014C Bonds subaccount of the Bond Fund to redeem Series 2014C Bonds;</p> <p>The foregoing requirement to remit all Revenues into the Revenue Fund shall terminate to the extent (i) Amsterdam's Debt Service Coverage Ratio is greater than 1.30x, (ii) Amsterdam has 250 Days Cash on Hand, (iii) Stabilized Occupancy (as defined in the 2014 Indenture) has been maintained for six consecutive months, and (iv) there is not otherwise a default or Event of Default under the 2014 Bond Documents. Under such circumstances, all Revenues will instead be transferred to Amsterdam's Operating Account, and Amsterdam shall thereafter be required to make monthly payments of principal and interest, plus replenish any deficiencies in the Debt Service Reserve Fund, as further set forth under the 2014 Indenture.</p> |
| Operating/Financial Covenants | |
| Days Cash on Hand | <p>Days Cash on Hand requirement of not less than (i) 150 Days Cash on Hand as of each testing date, commencing June 30, 2015, (ii) 175 Days Cash on Hand as of each testing date, commencing on the second testing date following the date the Series 2014B Bonds are paid in full, and (iii) 200 Days Cash on Hand as of each testing date thereafter, commencing on the third testing date following the date the Series 2014B Bonds are paid in full (each such requirement, the "DCOH Target"). Amsterdam shall provide reporting of Days Cash on Hand quarterly, the Days Cash on Hand covenant will be tested semi-annually on each June 30 and December 31 (each, a "Testing Date").</p> |
| Additional Permitted Indebtedness | <p>Amsterdam shall not be permitted to issue any additional indebtedness except for (i) Capitalized Leases not to exceed \$1,000,000 in the aggregate, (ii) refunding indebtedness pursuant to terms and conditions acceptable to a majority of Series 2014 Bondholders, (iii) indebtedness relating to the financing of construction of additional independent living units not to exceed 71 units ("Phase II"), provided that prior to the incurrence of such indebtedness, (A) at least ninety-two percent (92%) of the independent living units in the existing Project are occupied or reserved with ten percent (10%) deposits, (B) at least seventy percent (70%) of the independent living units to be constructed as Phase II have been reserved with executed Residence Agreements and deposits at least equal to ten percent (10%) of the Entrance Fee shall have been received for such units; (C) there is a guaranteed maximum price or stipulated construction contract for Phase II; (D) the Cumulative Cash Loss or Debt Service Coverage Ratio (as applicable) and the Liquidity Covenant were met on the most recent evaluation date, (E) all required deposits have been made into the Operating Reserve Fund, (F) a Consultant's forecast shows that the Debt Service Coverage Ratio for the two (2) Fiscal Years following the completion of Phase II will be at least 1.25 and the Days' Cash on Hand at the end of the first Fiscal Year in which the average occupancy of such Independent Living Units is forecasted to reach eighty-five (85%) will be at least 200 and (G) concurrently with the issuance of such indebtedness, Amsterdam shall redeem at least twenty (20) percent of the original principal amount of the Series 2014C Bonds.</p> |
| Cumulative Cash Loss Covenant | <p>Amsterdam shall have a Cumulative Cash Loss no greater than the amount set forth in a Schedule to be agreed upon by the Steering Committee and Amsterdam for the prior fiscal quarter.</p> |
| Debt Service | <p>Commencing with the earlier of (i) the first fiscal year following achievement of Stabilized Occupancy (as to be defined in the 2014 Indenture) and (ii) the fiscal quarter ending</p> |

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| Coverage Ratio | December 31, 2016 (the “ Initial Testing Date ”), Amsterdam shall achieve a debt service coverage ratio of not less than (a) 1.10x from the Initial Testing Date until December 31, 2017 and (b) 1.20x thereafter, which ratio shall be measured (i) on a rolling four quarter basis, commencing on the Initial Testing Date and each fiscal quarter thereafter through the fiscal quarter ending December 31, 2017, and (ii) on an annual basis, at the end of each fiscal year, thereafter. This ratio will include net Entrance Fees (i.e., Entrance Fees, but not Initial Entrance Fees, received during such period minus Entrance Fees refunded during such period) in the numerator and the denominator will be Maximum Annual Debt Service on the Series 2014A Bonds and the Series 2014B Bonds. |
| IL Occupancy Covenants | Commencing with the first fiscal quarter following the Effective Date, Amsterdam will have occupied independent living (“IL”) units equal to or above the levels set forth for the prior fiscal quarter in the projections to be agreed upon by the Steering Committee and Amsterdam (the “ IL Occupancy Covenant ”). Amsterdam shall achieve 92% occupancy of IL units no later than 18 months after the Effective Date (the “ IL Target Covenant ”). |
| Assisted Living and Nursing Center Occupancy Covenants | Commencing with the first fiscal quarter following the Effective Date, Amsterdam shall achieve and maintain (i) a 90% occupancy level for Assisted Living (“AL”) units and (ii) an 85% occupancy level for Nursing Center (“NC”) units, which shall be measured as the average occupancy of the AL and NC units, as applicable, during such fiscal quarter (the “ AL/NC Occupancy Covenant ”). |
| Failure to meet covenants | <ul style="list-style-type: none"> (i) If Amsterdam fails to meet the Cumulative Cash Loss Covenant, the Days Cash on Hand, the AL/NC Occupancy Covenant or the Debt Service Coverage Ratio as of any testing date, then upon the first occurrence of such non-compliance, Amsterdam shall be required to retain a management consultant acceptable (which approval shall not be unreasonably withheld) to the holders of not less than a majority of the outstanding aggregate principal amount of the Series 2014A Bonds and the Series 2014B Bonds (each treated as separate class), to provide a report and improvement plan to the Trustee. (ii) If Amsterdam fails to meet the Cumulative Cash Loss Covenant, the Days Cash on Hand or the Debt Service Coverage Ratio by the end of the second quarter after the report and improvement plan are provided, Amsterdam shall, at the direction of the holders of not less than a majority of the outstanding aggregate principal amount of the Series 2014A Bonds and the Series 2014B Bonds (each treated as separate class), replace the management services advisor with an advisor acceptable to such holders. (iii) If Amsterdam fails to meet the Cumulative Cash Loss Covenant, the Days Cash on Hand, the AL/NC Occupancy Covenant or the Debt Service Coverage Ratio for two consecutive testing dates, then such non-compliance will constitute an Event of Default under the 2014 Indenture. If on any testing date after the Initial Testing Date, the Debt Service Coverage Ratio is 1.0x or below or the Days Cash on Hand is equal to or less than 130, it shall constitute an Event of Default under the 2014 Indenture. (iv) Same remedies in (i) or (ii) above will apply for failure to meet the IL Occupancy Covenant or the IL Target Covenant, provided that Amsterdam shall be required to hire a marketing consultant in lieu of a management consultant and shall, at the direction of the holders of not less than a majority of the outstanding aggregate principal amount of the Series 2014A Bonds and the Series 2014B Bonds (each treated as separate class), replace the marketing agent in lieu of the management |

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| | <p>services advisor. Furthermore, if there is no acting marketing agent, Amsterdam shall be required to hire a marketing agent acceptable to the Trustee.</p> |
| Reporting Requirements | |
| Reporting | <p>Amsterdam shall deliver monthly financial statements (including a balance sheet, an income statement, an escrow statement and a cash flow statement) and a monthly report on marketing, occupancy and sales within 45 days following the prior month end comparing actual results to budget and shall include an explanation of variances of more than 10% from budgeted amounts. Such financial statements shall also include an Entrance Fee analysis.</p> <p>Amsterdam shall enter into a new Continuing Disclosure Agreement providing for the same reporting as required by the existing Continuing Disclosure Agreement (in addition to the information required above), except for any amendments thereto required to reflect changes to Rules 15c2-12.</p> |
| Update Calls | Until the later of Stabilized Occupancy (as defined in the 2014 Indenture) or the first year from the Effective Date, Amsterdam shall hold monthly calls for holders of the Series 2014 Bonds. After such time, Amsterdam shall hold quarterly calls. |
| General Provisions | |
| Marketing and Development Fees | <p>Subsequent to the Effective Date of the restructuring, any fees that become due under the marketing and development advisory services agreement will be paid as they become due as follows:</p> <ul style="list-style-type: none"> • Pro rata at each 5% occupancy increment to 90% – \$33,579 per increment, 85% and 90% remaining; and • Milestone payment for achievement of 90% occupancy – \$302,214.50 to be paid upon achievement of 90% occupancy and \$302,214.50 to be deferred and paid upon the earlier of (i) termination of Greystone and (ii) achievement of 92% occupancy. <p>Of the amount earned and deferred as of the date hereof (totaling approximately \$772,324) the following payment terms would apply:</p> <ul style="list-style-type: none"> • \$522,324 to be paid on Effective Date; • \$250,000 to be deferred and paid upon the earlier of (i) termination of Greystone and (ii) payment in full of the Series 2014B Bonds; and • Of the \$250,000 deferred, the amount owed will be reduced by approximately 1/6 for each month that achievement of 90% occupancy falls behind the date in the projections for the restructuring. [i.e. if the projections show achievement of 90% in February 2015 and we achieve it in April 2015, the \$250,000 would be reduced for 2 months delayed achievement (or 1/3)] |
| PILOTs | The Payment in Lieu of Taxes Agreement, as amended by the First Amendment to the Payment in Lieu of Taxes Agreement dated as of June 1, 2014 (providing for the extension of the current taxation rate) shall be assumed by Amsterdam as part of the Plan. |
| New 2014 Bond Documents | The 2014 Bond Documents shall be prepared or, as applicable, amended and modified in a manner necessary to effectuate the Restructuring Transaction. The 2014 Bond Documents and other agreements governing the Restructuring Transaction shall provide, inter alia, |

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| | that (i) Amsterdam shall incur no new indebtedness without the consent of the holders of at least 66% in the principal amount of Series 2014A Bonds and Series 2014B Bonds (each treated as a separate class), except for new indebtedness set forth in (ii) hereof, (ii) Amsterdam shall be permitted to incur additional indebtedness, subject to certain additional bonds tests to be determined, (a) for the purpose of constructing additional units at The Amsterdam at Harborside facility and (b) of up to \$1 million total for capital leases; (iii) except as provide herein, shall contain all of the existing covenants, defaults and provisions and (iv) such additional provisions as acceptable to the Steering Committee and consistent with the Term Sheet. |
| Release/Exculpation | The Restructuring Transaction contemplated by the Term Sheet shall contain customary release, injunction and exculpation provisions for all Parties to the Restructuring Transaction to the extent available under applicable law. The Parties hereby agree that they will use respective best efforts to obtain approval of such release, injunction and exculpatory provisions, which by way of example only shall include opposing any effort by any person or entity that is not a Party to this Term Sheet to eliminate or reduce the scope of such release, injunction and exculpation provisions. |
| Binding Effect | The obligation of each of the undersigned parties to pursue the Restructuring Transaction in accordance with the terms hereof is subject to (i) the negotiation, execution and delivery of mutually acceptable final documentation, (ii) receipt of all necessary consents, including any consent of any party's credit or other committee or board of directors and any regulatory approvals, (iii) receipt of a satisfactory tax opinion confirming that the interest on the 2014 Bonds will be excluded from gross income for federal income tax purposes under the Internal Revenue Code, and (iv) confirmation of the Plan pursuant to an order of confirmation acceptable to Amsterdam and the Trustee. |
| Cash Collateral Order | The Trustee shall enter into a cash collateral agreement (" <i>Cash Collateral Agreement</i> ") with Amsterdam upon the commencement of Anticipated Bankruptcy Proceeding that shall (i) permit Amsterdam to use cash collateral, subject to agreed upon budgets, (ii) provide that Amsterdam may requisition funds from the Entrance Fee Fund in an aggregate amount not to exceed \$2,220,000 during the Anticipated Bankruptcy Proceeding to pay Refunds then due and owing, provided that Amsterdam shall only be permitted to requisition such funds after it has expended \$2,350,000 on Refunds during the Anticipated Bankruptcy Proceeding from Amsterdam's current operating accounts; and (iii) provide that all Entrance Fees received during the Anticipated Bankruptcy Proceeding be held in escrow and subordinating any rights or liens of the bondholders of the Bonds to the rights of any resident/payer of such escrowed Entrance Fees, subject to the occurrence of the Effective Date; provided that the Trustee shall retain its first priority lien against the Debtor's interest in such funds. As further adequate protection, Amsterdam shall acknowledge that the Debt Service Reserve Fund and the Entrance Fee Fund are not property of Amsterdam's bankruptcy estate and the Trustee shall be entitled to utilize such funds in accordance with the terms of the 2007 Indenture and other applicable documents related to the Series 2007 Bonds without further order of the Court. Any Refunds that become due and payable during the Anticipated Bankruptcy Proceeding in excess of the amounts in (ii) above may be paid from amounts in the Entrance Fee Fund at the sole discretion of the Steering Committee. |

| | |
|----------------------|---|
| Miscellaneous | <p>This Term Sheet shall be governed by the laws of the State of New York.</p> <p>This Term Sheet may be executed in one or more counterparts, and when all counterparts have been executed, each executed counterpart will have the force and effect of the original.</p> |
| Timeline | <p>The Restructuring Transaction contemplated by the Term Sheet shall proceed as soon as practicable following approval of this Term Sheet and any supporting documentation by Amsterdam and the Trustee (the "<i>Parties</i>"). The Parties agree that after such date, they shall use their best efforts to adhere to the following timeline:</p> <ol style="list-style-type: none"> 1. June 16 – Exchange of drafts of the principal Bankruptcy Documents and 2014 Bond Documents; 2. July 17 – Finalize terms of the agreed Bankruptcy Documents and 2014 Bond Documents, and execution of Plan Support Agreement 3. July 21 – Petition Date (filing of Plan, Disclosure Statement, cash collateral motion, and first days) 4. August 22 – Entry of interim cash collateral order; 5. September 8 – Entry of final cash collateral order, and approval of Disclosure Statement; 6. September 9 – October 23 – Solicitation of Plan (mailing date through voting deadline); 7. October 24 – Confirmation of Plan; and 8. November 28 – Effective Date. |

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Schedule 1
Series 2014A Bonds

| <u>Principal Amount</u> | <u>Maturity</u> (January 1) | <u>Interest Rate</u> |
|--------------------------------|--|-----------------------------|
| \$6,255,000 | 2023 | 5.875% |
| \$21,123,750 | 2032 | 6.500% |
| \$6,375,000 | 2034 | 6.500% |
| \$95,910,000 | 2049 | 6.700% |
| \$11,921,250 | 2049 | 6.700% |

Schedule 2
Series 2014A Bonds

The Series 2014A Bonds shall be subject to mandatory sinking fund redemption by the Agency prior to maturity, as selected by the Trustee, on January 1 of each of the years and in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount thereof, together with interest accrued to the date of redemption:

| Mandatory Sinking Fund Redemption (January 1) | \$6,255,000 Series 2014A Bonds maturing January 1, 2023 | \$21,123,750 Series 2014A Bonds maturing January 1, 2032 | \$6,375,000 Series 2014A Bonds maturing January 1, 2034 | \$95,910,000 Series 2014A Bonds maturing January 1, 2049 | \$11,921,250 Series 2014A Bonds maturing January 1, 2049 |
|--|--|---|--|---|---|
| 2019 | \$1,418,934 | | | | \$123,524 |
| 2020 | 1,502,297 | | | | 131,800 |
| 2021 | 1,590,556 | | | | 140,631 |
| 2022 | 1,684,002 | | | | 150,053 |
| 2023 | 59,211 | \$1,723,726 | | | 160,106 |
| 2024 | | 1,887,685 | | | 170,833 |
| 2025 | | 2,010,384 | | | 182,279 |
| 2026 | | 2,141,059 | | | 194,492 |
| 2027 | | 2,280,228 | | | 207,523 |
| 2028 | | 2,428,443 | | | 221,427 |
| 2029 | | 2,586,291 | | | 236,263 |
| 2030 | | 2,754,400 | | | 252,092 |
| 2031 | | 2,933,437 | | | 268,982 |
| 2032 | | 378,097 | \$2,746,013 | | 287,004 |
| 2033 | | | 3,327,177 | | 306,233 |
| 2034 | | | 301,810 | \$3,241,633 | 326,751 |
| 2035 | | | | 3,773,767 | 348,643 |
| 2036 | | | | 4,026,610 | 372,002 |
| 2037 | | | | 4,296,393 | 396,926 |
| 2038 | | | | 4,584,250 | 423,521 |
| 2039 | | | | 4,891,396 | 451,896 |
| 2040 | | | | 5,219,120 | 482,173 |
| 2041 | | | | 5,568,800 | 514,479 |
| 2042 | | | | 5,941,910 | 548,949 |
| 2043 | | | | 6,340,017 | 585,729 |
| 2044 | | | | 6,764,798 | 624,973 |
| 2045 | | | | 7,218,040 | 666,846 |
| 2046 | | | | 7,701,649 | 711,524 |
| 2047 | | | | 8,217,660 | 759,196 |
| 2048 | | | | 8,768,242 | 810,063 |
| 2049 | | | | 9,355,715 | 864,337 |

EXHIBIT 2

JOINDER

FORM OF JOINDER

This Joinder to the Plan Support Agreement, dated as of July 21, 2014, by and among the Borrower and the Consenting Holders (the “**Support Agreement**”), is executed and delivered by _____ (the “**Joining Party**”) as of _____. Each capitalized term used herein but not otherwise defined shall have the meaning set forth in the Support Agreement.

1. Agreement to be Bound. The Joining Party hereby agrees to be bound by all of the terms of the Plan Support Agreement (and all exhibits and annexes thereto), attached to this Joinder as **Annex I** (as such Plan Support Agreement, exhibits and annexes may be hereafter amended, restated, or otherwise modified from time to time). The Joining Party shall hereafter be deemed to be a “Consenting Holder” and a “Party” for all purposes under the Plan Support Agreement.

2. Representations and Warranties. With respect to the Bonds set forth below its name on the signature page hereof and all related claims, rights, and causes of action arising out of or in connection with or otherwise relating to such Bonds, the Joining Party hereby makes to the Borrower the representations and warranties of the Consenting Holders set forth in the Plan Support Agreement.

3. Notices. For purposes of notices and other communications to be delivered to the Joining Party the relevant addresses and facsimile numbers are set forth below.

4. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of The State of New York, without regard to any conflict of laws provisions that would require the application of the law of any other jurisdiction.

* * * * *

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