

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

)	
In re:)	Chapter 11
)	
Wordsworth Academy, et al., ¹)	Case No. 17- 14463 (AMC)
)	
Debtors.)	Jointly Administered
)	

DEBTORS' JOINT CHAPTER 11 PLAN

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby submit their Joint Chapter 11 Plan dated as of November 8, 2017.

Dated: Philadelphia, Pennsylvania
 November 8, 2017

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¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Wordsworth Academy (9031); Wordsworth CUA 5, LLC (0983); and Wordsworth CUA 10, LLC (5980). Wordsworth Academy has an address at 3300 Henry Ave., Philadelphia, PA 19129.

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INTRODUCTION

This joint chapter 11 plan (as may be amended or modified hereafter in accordance with its terms, the “Plan”), dated as of November 8, 2017, is proposed by Debtors Wordsworth Academy (“Wordsworth”), Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC (together, the “CUAs” and, together with Wordsworth, the “Debtors”). Reference is made to the Disclosure Statement, filed on October 6, 2017, as modified on November 8, 2017, accompanying the Plan for a discussion of the Debtors’ history, business, results of operations, historical financial information, properties, projections for future operations and risk factors, a summary and analysis of the Plan, and certain related matters.

SUBJECT TO CERTAIN RESTRICTIONS AND REQUIREMENTS SET FORTH IN SECTION 1127 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 3019 AND THE PLAN, THE DEBTORS RESERVE THE RIGHT TO ALTER, AMEND, MODIFY, REVOKE OR WITHDRAW THE PLAN PRIOR TO ITS SUBSTANTIAL CONSUMMATION.

Capitalized terms used herein shall have the meanings set forth in Article I hereof. The Debtors have obtained Bankruptcy Court authority to have the Chapter 11 Cases jointly administered for administrative and procedural purposes only and the Plan is being proposed as a joint plan of the Debtors for administrative and procedural purposes only. The Plan is not premised upon the substantive consolidation of the Debtors and nothing herein shall be otherwise construed. The Debtors, however, reserve the right to seek substantive consolidation by motion or amendment to the Plan if they conclude that substantive consolidation is necessary or appropriate for effectuation of the Plan. Claims against, and Interests in, the Debtors (other than Administrative Claims and Priority Tax Claims) are classified in Article II hereof and treated in Article III hereof.

ARTICLE I. DEFINITIONS, INTERPRETATION, AND EXHIBITS.

Section 1.01. Definitions. As used herein:

“Administrative Claim” means a Claim for: (a) any cost or expense of administration (including, without limitation, the Professional Fee Claims) of any of the Chapter 11 Cases asserted or arising under sections 503, 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code including, but not limited to (i) any actual and necessary post Petition Date cost or expense of preserving the Debtors’ respective Estates or operating the Debtors, (ii) any post Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtors in the ordinary course of their respective organizations, (iii) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code, and (iv) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; (b) any fees or charges assessed against the Debtors’ respective Estates under section 1930 of title 28 of the United States Code; and (c) Claims of the DIP Lender in connection with the DIP Financing Facility.

“Affiliate” shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

“Affiliation Agreement” means that certain Affiliation Agreement, as may be amended by the parties thereto, a copy of which is attached hereto as Attachment 1, by and between Debtor Wordsworth and PHMC that provides the terms by which the Debtors will become subsidiaries of Public Health Management Corporation and/or its Affiliates as of the Effective Date of this Plan.

“Allowed” means, with reference to any Claim, (a) any Claim against any of the Debtors that has been listed by the Debtors in the Schedules, as such Schedules may have been amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not Disputed or contingent, and with respect to which no contrary Proof of Claim has been filed, (b) any Claim specifically allowed under the Plan, (c) any Claim the amount or existence of which has been determined or allowed by a Final Order, or (d) any Claim as to which a Proof of Claim has been timely filed before the Bar Date, provided that at the time of the Effective Date the Debtors have not identified such Claim as being objectionable in part or in whole and no Objection to the allowance thereof has been filed by the Claims Objection Deadline; provided, however, that the term Allowed, with reference to any Claim, shall not include (x) any unliquidated Claim or (y) interest or attorneys’ fees on or related to any Claim that accrues from and after the Petition Date unless otherwise expressly provided for in the Plan.

“Allowed Claim” means a Claim that is Allowed.

“Allowed Interest” means an Interest that is Allowed.

“Assumption Effective Date” means the date upon which the assumption of an executory contract or unexpired lease under this Plan is deemed effective.

“Assumption Party” means a counterparty to an executory contract or unexpired lease to be assumed and/or assigned by the Debtors.

“Avoidance Actions” means any and all Causes of Action which a trustee, debtor in possession, the Estates or other appropriate party in interest may assert under sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code (other than those which are released or dismissed as part of and pursuant to the Plan) or under other similar or related state or federal statutes or common law, including fraudulent conveyance laws.

“Ballot” means the ballots, substantially similar to the forms accompanying the Disclosure Statement as such forms shall be subsequently amended by the Debtors, upon which Holders of Impaired Claims and Interests entitled to vote on the Plan shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the instructions regarding voting.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as in effect on the Petition Date, together with all amendments and modifications thereto that subsequently may be made applicable to the Chapter 11 Cases.

“Bankruptcy Court” means the United States Bankruptcy Court for the Eastern District of Pennsylvania or, if such court ceases to exercise jurisdiction over these proceedings, the court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases.

“Bankruptcy Rules” means: (a) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under section 2075 of title 28 of the United States Code; (b) the Federal Rules of Civil Procedure, as amended and promulgated under section 2072 of title 28 of the United States Code; (c) any local rules applicable to the Bankruptcy Court; and (d) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Chapter 11 Cases or proceedings therein, as the case may be.

“Bar Date” means the applicable bar date by which a Proof of Claim must be filed, as established by an order of the Bankruptcy Court.

“Board(s)” shall mean the members of the Board of Trustees or Board of Directors of each of the Debtors.

“Business Day” means any day which is not a Saturday, a Sunday, a “legal holiday” as defined in Bankruptcy Rule 9006(a), or a day on which banking institutions in the State of Pennsylvania are authorized or obligated by law, executive order or governmental decree to be closed.

“Cash” means money, currency and coins, negotiable checks, balances in bank accounts and other lawful currency of the United States of America and its equivalents.

“Causes of Action” means any and all actions, Claims, rights, defenses, third-party claims, damages, executions, demands, crossclaims, counterclaims, suits, choses in action, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims whatsoever, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, Disputed, undisputed, secured or unsecured and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, accruing to the Debtors, including, but not limited to, the Avoidance Actions.

“Chapter 11 Cases” means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court on the Petition Date.

“Claim” shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

“Claims Objection Deadline” means the latest of: (a) 120 days after the Effective Date; (b) 75 days after the date on which any Claim is filed; or (c) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clauses (a) and (b) above.

“Class” means each class, subclass or category of Claims or Interests as classified in Article II of the Plan.

“Classes 2 through 5” means Classes 2, 3A, 3B, 3C, 4A, 4B, 4C, 5A, 5B, and 5C, the Claims in which Classes are Impaired under the Plan.

“Committee” means the official committee of unsecured creditors appointed in the Debtors’ Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code by the United States Trustee, as the membership of such committee is from time to time constituted and reconstituted.

“Committee Members” means the creditors appointed to serve as members of the Committee in the Debtors’ Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code by the United States Trustee.

“Confirmation” means the entry by the Bankruptcy Court of the Confirmation Order.

“Confirmation Date” means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

“Confirmation Hearing” means the hearing held before the Bankruptcy Court to consider Confirmation of the Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code.

“Confirmation Order” means the order entered by the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

“Creditor” means any Person that is the Holder of any Claim against any of the Debtors.

“Cure” means a distribution made in the ordinary course of business following the Effective Date pursuant to an executory contract or unexpired lease assumed under section 365 or 1123 of the Bankruptcy Code (i) in an amount equal to the Proposed Cure (including if such Proposed Cure is zero dollars) or (ii) if a Treatment Objection is filed with respect to the applicable Proposed Cure, then in an amount equal to the unpaid monetary obligations owing by the Debtors and required to be paid pursuant to section 365(b) of the Bankruptcy Code, as may be (x) determined by Final Order or (y) otherwise agreed upon by the parties.

“Debtors” shall have the meaning set forth in the Introduction.

“Disallowed” means, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in the Debtors which: (a) has been withdrawn, in whole or in part, by agreement of the Debtors and the Holder thereof; (b) has been withdrawn, in whole or in part, by the Holder thereof; or (c) has been disallowed, in whole or part, by Final Order of a court of competent jurisdiction. In each case a Disallowed Claim or a Disallowed Interest is disallowed only to the extent of disallowance or withdrawal.

“Disclosure Statement” means the Debtors’ Disclosure Statement with Respect to the Chapter 11 Plan originally filed on October 6, 2017, as approved by the Bankruptcy Court on November 8, 2017, including all exhibits, appendices, schedules and annexes, if any, attached thereto, as submitted by the Debtors, as the same may be altered, amended, supplemented or modified from time to time, and which was prepared and distributed in accordance with sections 1125 and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018.

“Disputed” means any Claim or Interest that has been neither Allowed nor Disallowed.

“Disputed Claim” means a Claim, or any portion thereof, that is Disputed. For purposes of the Plan, a Claim that has been neither Allowed nor Disallowed shall be considered a Disputed Claim.

“Distributable Cash” means the sum of \$400,000 being provided by PHMC to the Debtors to fund pro rata distributions in the aggregate to Allowed Class 5A, Allowed Class 5B and Allowed Class 5C Claims as provided in the Plan, to be deposited into one or more Distribution Accounts.

“Distribution Account” means any account or accounts maintained by the Distribution Agent (defined below) into which Distributable Cash will be delivered, and the proceeds therefrom will be distributed in accordance with the Plan.

“Distribution Account Claims” shall have the meaning set forth in Section 5.03 herein.

“Distribution Agent” means such Entity or Entities, including the Debtors, that may be designated, in accordance with Rule 3016-1(e) of the Local Rules of the United States Bankruptcy Court for the Eastern District of Pennsylvania, by the Debtors to make distributions in accordance with the Plan.

“Effective Date” means a date to be selected by the Debtors which shall be between the first Business Day and the tenth Business Day following the date on which all conditions to consummation set forth in Article IX of the Plan have been satisfied or waived (if capable of being duly and expressly waived), provided that no stay of the Confirmation Order is then in effect. The Debtors shall file a notice of the occurrence of the Effective Date on the docket in these Chapter 11 Cases.

“Employee Agreement” means any agreement by and between one or more of the Debtors and any employee who was employed by one or more of the Debtors on or after the Petition Date and remains employed by one or more of the Debtors on the date on which the Plan is confirmed.

“Entity” means any individual, corporation, limited or general partnership, joint venture, association, joint stock company, limited liability company, estate, trustee, United States Trustee, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency or political subdivision thereof.

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

“Estates” means the estates created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code upon commencement of the Chapter 11 Cases.

“Exculpated Persons” means to the maximum extent permitted by the Bankruptcy Code and applicable law: (a) the Debtors; (b) the members of the Committee solely in their capacity as members of the Committee; (c) the Initial DIP Lender; (d) the Siena DIP Lender; (e) PHMC; and (f) as to the parties listed in (a) through (e), any of their respective members, officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity on or after the Petition Date.

“Exit Facility” shall mean exit financing facility provided by the Exit Lender to be utilized to satisfy (in full) the Siena DIP Financing Facility and the Initial DIP Financing Facility and such other uses as Debtors and PHMC may determine and which shall be secured by the Debtors’ assets to the same extent and priority presently securing the Siena DIP Financing Facility and the Initial DIP Financing Facility. The Exit Facility shall replace the Siena DIP Financing Facility, providing financing up to \$5,000,000, to enable the Debtors to fund operations and debt service, including any projected reduction in cash flow as the Debtors transition to become affiliates of PHMC under the Affiliation Agreement following the Effective Date of the Plan. The Terms of the Exit Facility are still being negotiated and have not been agreed upon as of the date of this Plan; further details will be provided at the Confirmation Hearing.

“Exit Lender” means the lender selected by PHMC in consultation with the Debtors who shall provide Effective Date financing to the Reorganized Debtors.

“Final Decree” means the final decree entered by the Bankruptcy Court after the Effective Date and pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022, which will be entered no earlier than 120 days following the entry of the Confirmation Order.

“Final Order” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket of such court, the operation or effect of which has not been stayed, reversed, vacated, modified or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) of the time to appeal, petition for certiorari, or seek review or rehearing has expired and as to which no appeal, petition for certiorari, or petition for review or rehearing was filed or, if filed, remains pending; provided, however, that the possibility that a motion may be filed pursuant to Rules 9023 or 9024 of the Bankruptcy Rules or Rules 59 or 60(b) of the Federal Rules of Civil Procedure shall not mean that an order or judgment is not a Final Order.

“Ford Road Facility” means the real property leased pre-petition by the Debtors at 3905 Ford Road, Philadelphia, PA 19131.

“General Unsecured Claims” means all Claims, including Rejection Claims and the claims of the City of Philadelphia, to the extent that the City’s claims against any of the Debtors is not fully secured by a right to setoff to the extent permitted by applicable law, that are not: Administrative Claims; Priority Tax Claims; M&T Secured Claims; Priority Claims; Class 3A, Class 3B or Class 3C Litigation Claims; Class 4A, Class 4B or Class 4C Subcontractor Claims; or Interests.

“Holder” means an Entity holding a beneficial interest in a Claim or Interest and, when used in conjunction with a Class or type of Claim or Interest, means a holder of a beneficial interest in a Claim or Interest in such Class or of such type.

“Impaired” means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

“Impaired Claim” means a Claim which is Impaired.

“Initial DIP Financing Facility” means the post-petition financing facility in the aggregate amount of up to \$1,500,000 provided to the Debtors by Learn and Play Inc. t/a Play and Learn pursuant to the Initial DIP Financing Order and related documents.

“Initial DIP Financing Order” means the Final Order entered by the Bankruptcy Court on July 26, 2017 [Docket No. 149], authorizing the Debtors to enter into the Initial DIP Financing Facility pursuant to section 364 of the Bankruptcy Code, and any extensions or amendments thereof.

“Initial DIP Lender” means Learn and Play Inc. t/a Play and Learn.

“Insider” shall have the meaning set forth in section 101(31) of the Bankruptcy Code.

“Insurance Plans” means the Debtors’ insurance policies and any agreements, documents or instruments relating thereto entered into prior to the Petition Date.

“Interests” means any and all equity interests, ownership interests or shares in the Debtors issued by the Debtors prior to the Petition Date.

“Liens” means, with respect to any asset or Property (or the rents, revenues, income, profits or proceeds therefrom), and in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise: (a) any and all mortgages, liens, pledges, attachments, charges, leases evidencing a capitalizable lease obligation, conditional sale or other title retention agreement, or other security interest or encumbrance or other legally cognizable security devices of any kind in respect of any asset or Property, or upon the rents, revenues, income, profits or proceeds therefrom; or (b) any arrangement, express or implied, under which any Property is transferred, sequestered or otherwise identified for the purpose of subjecting or making available the same for the payment of debt or performance of any other obligation in priority to the payment of General Unsecured Creditors.

“Litigation Claims” means any personal injury, wrongful death or other claim held by any person or entity, the underlying events as to which occurred prior to the Petition Date that was unliquidated, contingent or disputed as of the Petition Date and as to which the Debtors may be covered by insurance for any potential liability.

“Management Agreements” means those certain Transition Management Agreements dated June 26, 2017 by and between one or more of the Debtors and PHMC and/or Turning Points for Children that were assumed by the Debtors in these Bankruptcy Cases.

“M&T Bank” means M&T Bank, which holds a mortgage on the real property owned by Debtor Wordsworth Academy, located at 2101 Pennsylvania Avenue, Fort Washington, PA 19034, and a lien on the Debtors’ receivables and personal property.

“Notice of Intent to Assume or Reject” means a notice delivered by the Debtors pursuant to Article VI of the Plan stating an intent to assume or reject an executory contract or unexpired lease and including a proposed Assumption Effective Date or Rejection Effective Date, as applicable, and, if applicable, a Proposed Cure and/or a proposed amendment.

“Objection” means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to Disallow, determine, liquidate, classify, reclassify or establish the priority, expunge, subordinate or estimate any Claim (including the resolution of any request for payment of any Administrative Claim) or Interest other than a Claim or an Interest that is Allowed.

“Person” means and includes a natural person, individual, partnership, corporation (as defined in section 101(a) of the Bankruptcy Code), or organization including, without limitation, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, joint stock companies, trusts, land trusts, business trusts, unincorporated organizations or associations, or other organizations, irrespective of whether they are legal entities, governmental bodies (or any agency, instrumentality or political subdivision thereof), or any other form of legal entities; provided, however, “Person” does not include governmental units, except a governmental unit that (a) acquires an asset from a Person (i) as a result of the operation of a loan guarantee agreement or (ii) as receiver or liquidating agent of a Person; (b) is a guarantor of a pension benefit payable by or on behalf of a Debtor or an Affiliate of a Debtor of; or (c) is the legal or beneficial owner of an asset of (i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986 or (ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986, shall be considered for purposes of section 1102 of the Bankruptcy Code to be a Person with respect to such asset or such benefit.

“Petition Date” means June 30, 2017.

“PHMC” means Public Health Management Corporation.

“Plan” means this joint Chapter 11 Plan dated as of November 8, 2017, including all exhibits, appendices, schedules and annexes, if any, attached hereto, as submitted by the Debtors, as such Plan may be altered, amended, supplemented or modified from time to time in

accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Confirmation Order and the terms and conditions of the Plan.

“Plan Documents” means, collectively, the Disclosure Statement, the Plan, the Confirmation Order, and any exhibit to the Plan.

“Play and Learn Lease” means that certain Lease Agreement Dated July 7, 2003 by and between Learn and Play, t/a Play and Learn and the Debtors for the property located at 200 Camp Hill Road, Fort Washington, Pennsylvania 19034 as otherwise described in the Play and Learn Lease.

“Priority Claims” means any Claim against the Debtors entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

“Priority Tax Claim” means any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

“Professional Fee Claim” means an Allowed Claim for compensation and/or reimbursement of expenses pursuant to sections 327, 328, 330, 331 or 503(b) of the Bankruptcy Code relating to services incurred on and after the Petition Date and prior to and including the Effective Date in connection with an application by the Professionals in the Chapter 11 Cases made to and approved by the Bankruptcy Court.

“Professionals” means any professional employed in these Chapter 11 Cases pursuant to sections 327 or 1103 of the Bankruptcy Code or any Professional entitled to compensation pursuant to sections 327, 328, 330, 331, 503(b)(2) or (4), or 1103 of the Bankruptcy Code.

“Proof of Claim” means a proof of claim filed against any of the Debtors in the Chapter 11 Cases.

“Property” means all assets or property of the Debtors’ respective Estates of any nature whatsoever, real or personal, tangible or intangible, including contract rights, accounts and Causes of Action, previously or now owned by the Debtors, or acquired by the Debtors’ respective Estates, as defined in section 541 of the Bankruptcy Code.

“Proposed Cure” means, with respect to a particular executory contract or unexpired lease, the consideration that the Debtors propose (i) on the notices sent to Assumption Parties listed on Schedule 6.02(a) or (ii) on a Notice of Intent to Assume or Reject, in each case as full satisfaction of the Debtors’ obligations with respect to such executory contract or unexpired lease pursuant to section 365(b) of the Bankruptcy Code.

“Rejection Bar Date” means the earlier of (a) the date set by the Bankruptcy Court for the filing of a Rejection Claim or (b) thirty days from the date on which the relevant executory contract or unexpired lease is effectively rejected by the Debtors.

“Rejection Claims” means: (a) Claims of any non-Debtor counterparty to any unexpired lease of nonresidential real property or any executory contract arising on account of the rejection of such lease or contract during the administration of these Chapter 11 Cases under section 365 of the Bankruptcy Code or pursuant to the Plan; and (b) any Claims arising from the termination of or withdrawal from any pension plan of the Debtors qualified under ERISA.

“Rejection Effective Date” means (a) the date on which a final order is entered with respect to the rejection of an executory contract or unexpired lease during the administration of these Chapter 11 Cases under section 365 of the Bankruptcy Code, or (b) the date upon which the rejection of an executory contract or unexpired lease under this Plan is deemed effective, which shall not be later than 60 calendar days after the Effective Date unless otherwise agreed by the relevant Rejection Party.

“Rejection Party” means a counterparty to an executory contract or unexpired lease to be rejected by the Debtors under this Plan or during the administration of the Debtors’ Chapter 11 Cases.

“Releasees” means each of: (a) the Initial DIP Lender; (b) the Siena DIP Lender; (c) the Committee and the members thereof, solely in their capacity as members of the Committee; (d) the Debtors; (e) PHMC; and (f) with respect to each of the foregoing entities in clauses (a) through (e), such entities’ subsidiaries, Affiliates, managed accounts or funds, endowments, officers, directors, members, attorneys, current and former members of any advisory boards, current and former holders of member interests in any of the Debtors, principals, Insiders (as defined in the Bankruptcy Code), employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other Professionals, solely in their respective capacities as representatives of any of the foregoing.

“Restructuring Transactions” means the transactions described in Article VII of the Plan, which are necessary to fund the distributions on account of Claims and Interests as set forth in the Plan.

“Schedules” means the schedules of assets and liabilities and statements of financial affairs filed by any of the Debtors in the Chapter 11 Cases, as required by section 521 of the Bankruptcy Code, as the same may have been or may be amended, modified or supplemented.

“Secured Claim” means any Claim arising before the Petition Date that is: (a) secured in whole or part, as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law on Property in which the Debtors’ respective Estates has an interest and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law; or (b) subject to setoff under section 553 of the Bankruptcy Code, but, with respect to both case (a) and (b), only to the extent of the value of the assets or Property securing any such Claim or the amount subject to setoff, as the case may be.

“Securities Act” means the Securities Act of 1933, as amended.

“Siena DIP Financing Facility” means the post-petition financing facility in the aggregate amount not to exceed \$5,000,000 provided to the Debtors by the Siena DIP Lender pursuant to the Siena DIP Financing Order and related documents.

“Siena DIP Financing Order” means the Final Order entered by the Bankruptcy Court on September 20, 2017 [Docket No. 300], authorizing the Debtors to enter into the Siena DIP Financing Facility pursuant to section 364 of the Bankruptcy Code, and any extensions or amendments thereof.

“Siena DIP Lender” means Siena Lending Group, LLC.

“Subcontractor Claims” means any claim held by a staffing agency or subcontractor, each of which is listed on Attachment 2 to the Plan.

“Tax” means any tax, charge, fee, levy, impost or other assessment by any federal, state, local or foreign governmental authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem, estimated, severance, stamp, occupation and withholding tax, together with any interest, penalties, fines or additions attributable to, imposed on, or collected by any such federal, state, local or foreign governmental authority.

“Treatment Objection” means an objection to the Debtors’ proposed assumption or rejection of an executory contract or unexpired lease pursuant to the provisions of this Plan (including an objection to the proposed Assumption Effective Date or Rejection Effective Date, the Proposed Cure and/or any proposed assignment, but not including an objection to any Rejection Claim) that is properly filed with the Bankruptcy Court and served in accordance with the Case Management Order by the Applicable Treatment Objection Deadline.

“Treatment Objection Deadline” means the deadline for filing and serving a Treatment Objection, which deadline shall be 4:00 p.m. (prevailing Eastern Time) on, (i) with respect to an executory contract or unexpired lease listed on Schedule 6.02(a) or 6.02(b), the 15th calendar day after the relevant Schedule is filed and notice thereof is mailed, (ii) with respect to an executory contract or unexpired lease the proposed treatment of which has been altered by an amended or supplemental Schedule 6.02(a) or 6.02(b), the 15th calendar day after such amended or supplemental schedule is filed and notice thereof is mailed, (iii) with respect to an executory contract or unexpired lease for which a Notice of Intent to Assume or Reject is filed, the 15th calendar day after such notice is filed and notice thereof is mailed and (iv) with respect to any other executory contract or unexpired lease, including any to be assumed or rejected by category pursuant to Sections 6.01, 6.03 or 6.04 of the Plan (without being listed on Schedule 6.02(a) or 6.02(b)), the deadline for objections to confirmation of the Plan established pursuant to the Approval Order or other order of the Bankruptcy Court.

“Trustee’s Fee Claims” means any fees assessed against the Debtors’ Estates pursuant to section 1930(a)(6) of title 28 of the United States Code.

“Unclaimed Property” means any distribution, including any second distribution, of Cash or any other Property made to the Holder of an Allowed Claim pursuant to the Plan that

is returned to the Debtors or the Distribution Agent as undeliverable and no appropriate forwarding address is received prior to the date on which the Final Decree is entered in the Chapter 11 Cases, in the case of a distribution made in the form of a check, is not negotiated and no request for reissuance is made as provided for in Section 5.07 of the Plan.

“Unimpaired” means any Claim that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

“United States Trustee” means the United States Trustee appointed under section 581(a)(3) of title 28 of the United States Code to serve in the Eastern District of Pennsylvania.

“Voting Deadline” means the date and time that shall be set by the Bankruptcy Court for the submission of ballots voting in favor of or against the Plan, notice of which shall be mailed to Holders of Claims in Classes entitled to vote on the Plan.

Section 1.02. Rules of Interpretation. All references to “the Plan” herein shall be construed, where applicable, to include references to this document and all its exhibits, appendices, schedules and annexes, if any (and any amendments thereto made in accordance with the Bankruptcy Code). Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular paragraph, subparagraph, or clause contained in the Plan. The words “includes” and “including” are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. The captions and headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Any term used in the Plan that is not defined in the Plan, either in Article I hereof or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in (and shall be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the case of a conflict or ambiguity). Without limiting the preceding sentence, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan, unless superseded herein. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) and Section 12.15 hereof shall apply, but Bankruptcy Rule 9006(a) shall govern.

Section 1.03. Exhibits. All Exhibits, including all schedules and attachments, to the Plan are incorporated into and are a part of the Plan as if set forth in full herein, regardless of when filed.

ARTICLE II. CLASSIFICATION OF CLAIMS AND INTERESTS

Section 2.01. Generally Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the

description of the Class and is classified in a different Class to the extent the Claim or Interest qualifies within the description of that different Class. A Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released, settled or otherwise satisfied prior to the Effective Date. Any and all interdebtor Claims filed by Wordsworth against either of the CUAs or by either of the CUAs against Wordsworth are not classified and, on the Effective Date, shall be waived and discharged.

Section 2.02. Unclassified Claims. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including Claims of the Initial DIP Lender in connection with the Initial DIP Financing Facility and the Siena DIP Lender in connection with the Siena DIP Financing Facility) and Priority Tax Claims are not classified and are excluded from the Classes designated in this Article II of the Plan. The treatment accorded Administrative Claims and Priority Tax Claims is set forth in Article III of the Plan.

Section 2.03. Unimpaired and Unimpaired Classes. The Plan classifies certain Unimpaired Claims and Unimpaired Interests that are not entitled to vote on the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of a Claim or Interest in an Unimpaired Class is conclusively presumed to have accepted the Plan in respect of such Claims or Interests and is not entitled to vote to accept or reject the Plan. The Plan also classifies certain Impaired Claims that are entitled to vote on the Plan.

Class 1 is Unimpaired and consists of all Priority Claims.

Class 2 is Impaired and consists of the Secured Claims of M&T Bank against each of the Debtors.

Class 3A, Class 3B and Class 3C are Impaired and consist of the Litigation Claims against Wordsworth Academy, Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC, respectively.

Class 4A, Class 4B and Class 4C are Impaired and consist of the Subcontractor Claims against Wordsworth Academy, Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC, respectively.

Class 5A, Class 5B and Class 5C are Impaired and consist of the General Unsecured Claims against Wordsworth Academy, Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC, respectively. These Classes of General Unsecured Claims include all Claims against the applicable Debtor, including Rejection Claims and any unsecured claim held by the City of Philadelphia after setoff of amounts owed by and between the parties thereto to the extent permitted by applicable law, that are not: Administrative Claims, Priority Tax Claims, Secured Claims, Priority Claims, Class 3A Litigation Claims, Class 3B Litigation Claims, Class 3C Litigation Claims, Class 4A Subcontractor Claims, Class 4B Subcontractor Claims, Class 4C Subcontractor Claims or Class 6 Interests.

Class 6 is Unimpaired and consists of the Interests of Wordsworth in the CUAs, as well as the membership interests of the Boards in each of the Debtors.

ARTICLE III.
PROVISIONS FOR TREATMENT OF CLASSES OF
CLAIMS AND INTERESTS

Section 3.01. Satisfaction of Claims and Interests. The treatment of and consideration to be received by Holders of Allowed Claims or Allowed Interests pursuant to this Article III and the Plan shall be in full satisfaction, settlement, release, extinguishment and discharge of their respective Claims against or Interests in the Debtors and the Debtors' respective Estates, except as otherwise provided in the Plan or the Confirmation Order.

Section 3.02. Unclassified Claims, Classified Unimpaired and Impaired Claims. Administrative Claims and Priority Tax Claims of each Debtor are treated by each Debtor in accordance with section 1129(a)(9)(A) and section 1129(a)(9)(C) of the Bankruptcy Code, respectively. Such Claims are Unimpaired under the Plan and, in accordance with section 1123(a)(1) of the Bankruptcy Code, are not designated as Classes of Claims for purposes of this Plan and for purposes of sections 1123, 1124, 1126 and 1129 of the Bankruptcy Code. In addition, Class 1 Claims are classified as Classes of Claims that are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the Holders of Claims in such Classes are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Claims in Classes 2 through 5 are Impaired and the Holders thereof are entitled to vote to accept or reject the Plan on account of such Allowed Claims.

Section 3.03. Administrative Claims. Administrative Claims are Unimpaired. Unless otherwise provided for herein, each Holder of an Allowed Administrative Claim shall receive, from the Debtor against whom such Claim has been Allowed, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash, without interest, on or as soon as reasonably practicable after the latest to occur of (i) the Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, or (iii) a later date agreed to in writing by the Debtor and the Holder of such Administrative Claim; or (b) such other treatment on which is favorable to the Debtor such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor, or as the Bankruptcy Court may order.

Section 3.04. Priority Tax Claims. Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall receive, from and at the option of the Debtor against whom such Claim is allowed, in full satisfaction, settlement, release, extinguishment and discharge of such Priority Tax Claim: (a) the amount of such unpaid Allowed Priority Tax Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes Allowed, and (iii) a later date agreed to by the Debtor and the Holder of such Priority Tax Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtor or as the Bankruptcy Court may order. Prior to the Effective Date, the Debtors, by mutual agreement, shall have the right to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or penalty of any sort or nature.

Section 3.05. Class 1: Priority Claims. Class 1 Priority Claims are Unimpaired. Each Holder of an Allowed Class 1 Priority Claim shall receive in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash, without interest, on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 1 Claim becomes Allowed, and (iii) a date agreed to by the Debtors or by mutual agreement, as the case may be, and the Holder of such Class 1 Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtors. This Class includes the priority wage and benefit Claims that the Debtors were authorized to pay pursuant to the Bankruptcy Court's Order of July 6, 2017 [Docket No. 62].

Section 3.06. Class 2: Secured Claim of M&T Bank. Class 2 Secured Claims are impaired. The Holder of the Allowed Class 2 Secured Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim, 119 monthly payments over a ten (10) year term commencing on the first day of the month following the Effective Date, based on a twenty-five (25) year amortization schedule and a fixed rate of interest of prime plus one percent as of the date of confirmation of the Plan. The 120th payment shall include the balance of the unpaid principal owed. Until payment in full of the Class 2 Secured Claims, the Holder of the Allowed Class 2 Secured Claim will retain its liens on the Debtors' real property located at 2101 Pennsylvania Ave., Fort Washington, PA 19034, the Debtors' accounts receivable, personal property and other assets to the same extent and priority as exists on the date of confirmation of this Plan. None of the Distributable Cash shall be paid on account of the Class 2 Claim.

Section 3.07. Class 3A: Litigation Claims against Wordsworth Academy. Class 3A Litigation Claims against Wordsworth Academy are Impaired. Each holder of a Class 3A Claim shall receive an Allowed general unsecured claim in the amount of \$1.00 for purposes of distribution, Article X of the Plan, and for voting purposes. Class 3A Litigation Claims shall receive payment from any available insurance coverage, in full satisfaction, settlement, release, extinguishment and discharge of such Claim. The Debtors and the Estates shall have no further liability on such Claims. All rights of Class 3A Claimants against the Debtors and the Estates shall be governed by the Stipulation Regarding Tort Claims executed by such Claimant, if any, which is incorporated herein by reference.

Section 3.08. Class 3B: Litigation Claims against Wordsworth CUA 5, LLC. Class 3B Litigation Claims against Wordsworth CUA 5, LLC are Impaired. Each holder of a Class 3B Claim shall receive an Allowed general unsecured claim in the amount of \$1.00 for purposes of distribution, Article X of the Plan, and for voting purposes. Class 3B Litigation Claims shall receive payment from any available insurance coverage, in full satisfaction, settlement, release, extinguishment and discharge of such Claim. The Debtors and the Estates shall have no further liability on such Claims. All rights of Class 3B Claimants against the Debtors and the Estates shall be governed by the Stipulation Regarding Tort Claims executed by such Claimant, if any, which is incorporated herein by reference.

Section 3.10. Class 3C: Litigation Claims against Wordsworth CUA 10, LLC. Class 3C Litigation Claims against Wordsworth CUA 10, LLC are Impaired. Each holder of a Class 3C Claim shall receive an Allowed general unsecured claim in the amount of \$1.00 for purposes of distribution, Article X of the Plan, and for voting purposes. Class 3C Litigation

Claims shall receive payment from any available insurance coverage, in full satisfaction, settlement, release, extinguishment and discharge of such Claim. The Debtors and the Estates shall have no further liability on such Claims. All rights of Class 3C Claimants against the Debtors and the Estates shall be governed by the Stipulation Regarding Tort Claims executed by such Claimant, if any, which is incorporated herein by reference.

Section 3.12. Class 4A: Subcontractor Claims against Wordsworth Academy. Class 4A Subcontractor Claims against Wordsworth Academy are Impaired. Each Holder of an Allowed Class 4A Subcontractor Claim against Wordsworth Academy shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim payment in full, without interest, from the Reorganized Debtors' operating revenues. The Debtors anticipate that the staffing agencies will be paid in full prior to the Effective Date, any remaining Subcontractor Claims that are not paid in full prior to the Effective Date will receive payment over a period of six (6) months following the Effective Date until all Subcontractor Claims have been paid in full.

Section 3.13. Class 4B: Subcontractor Claims against Wordsworth CUA 5, LLC. Class 4B Subcontractor Claims against Wordsworth CUA 5, LLC are Impaired. Each Holder of an Allowed Class 4B Subcontractor Claim against Wordsworth CUA 5, LLC shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim payment in full, without interest, from the Reorganized Debtors' operating revenues. The Debtors anticipate that the staffing agencies will be paid in full prior to the Effective Date, any remaining Subcontractor Claims that are not paid in full prior to the Effective Date will receive payment over a period of six (6) months following the Effective Date until all Subcontractor Claims have been paid in full.

Section 3.15. Class 4C: Subcontractor Claims against Wordsworth CUA 10, LLC. Class 4C Subcontractor Claims against Wordsworth CUA 10, LLC are Impaired. Each Holder of an Allowed Class 4C Subcontractor Claim against Wordsworth CUA 10, LLC shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim payment in full, without interest, from the Reorganized Debtors' operating revenues. The Debtors anticipate that the staffing agencies will be paid in full prior to the Effective Date, any remaining Subcontractor Claims that are not paid in full prior to the Effective Date will receive payment over a period of six (6) months following the Effective Date until all Subcontractor Claims have been paid in full.

Section 3.17. Class 5A: General Unsecured Claims against Wordsworth Academy. Class 5A General Unsecured Claims against Wordsworth Academy are Impaired. Each Holder of a Class 5A Allowed General Unsecured Claim against Wordsworth Academy shall receive, along with Allowed General Unsecured Claims in Classes 5B and 5C, in full satisfaction, settlement, release, extinguishment and discharge of such Claim a pro rata amount of Distributable Cash upon the determination of the allowance of all Claims included in Class 5A, Class 5B and Class 5C.

Section 3.18. Class 5B: General Unsecured Claims against Wordsworth CUA 5, LLC. Class 5B General Unsecured Claims against Wordsworth CUA 5, LLC are Impaired. Each Holder of a Class 5B Allowed General Unsecured Claim against Wordsworth CUA 5, LLC shall receive, along with Allowed General Unsecured Claims in Classes 5A and 5C, in full satisfaction, settlement, release, extinguishment and discharge of such Claim a pro rata amount

of Distributable Cash upon the determination of the allowance of all Claims included in Class 5A, Class 5B and Class 5C. The Debtors assign a value of \$0.00 to any Class 5B Claim held by M&T Bank against Wordsworth CUA 5, LLC and/or Wordsworth CUA 10, LLC and take the position M&T Bank will not receive a distribution from the Distributable Cash. M&T Bank disputes and disagrees with this treatment and the Debtors' position concerning the use of Distributable Cash to pay M&T's unsecured claims. If the Bankruptcy Court determines that the Class 2 Claim and/or M&T Bank's Class 5B and/or Class 5C Claims must receive payment from Distributable Cash on account of any unsecured portion of such claim, the Debtors will amend the Plan to provide for a different treatment of Class 2 and/or Class 5 Claims. Any such amendment that results in \$400,000 of Distributable Cash not being available for distribution to Holders of Class 5 Claims, other than M&T Bank, shall be considered to be a material amendment requiring re-solicitation.

Section 3.20. Class 5C: General Unsecured Claims against Wordsworth CUA 10, LLC. Class 5C General Unsecured Claims against Wordsworth CUA 10, LLC are Impaired. Each Holder of a Class 5C Allowed General Unsecured Claim against Wordsworth CUA 10, LLC shall receive, along with Allowed General Unsecured Claims in Classes 5A and 5B, in full satisfaction, settlement, release, extinguishment and discharge of such Claim a pro rata amount of Distributable Cash upon the determination of the allowance of all Claims included in Class 5A, Class 5B and Class 5C. The Debtors assign a value of \$0.00 to any Class 5B Claim held by M&T Bank against Wordsworth CUA 5, LLC and/or Wordsworth CUA 10, LLC and take the position M&T Bank will not receive a distribution from the Distributable Cash. M&T Bank disputes and disagrees with this treatment and the Debtors' position concerning the use of Distributable Cash to pay M&T's unsecured claims. If the Bankruptcy Court determines that the Class 2 Claim and/or M&T Bank's Class 5B and/or Class 5C Claims must receive payment from Distributable Cash on account of any unsecured portion of such claim, the Debtors will amend the Plan to provide for a different treatment of Class 2 and/or Class 5 Claims. Any such amendment that results in \$400,000 of Distributable Cash not being available for distribution to Holders of Class 5 Claims, other than M&T Bank, shall be considered to be a material amendment requiring re-solicitation.

Section 3.22. Class 6: Interests. Class 6 Interests are Unimpaired. Each Holder of an Allowed Class 6 Interest shall retain its Interest only to the extent provided in the Affiliation Agreement and receive no Property or other distribution of value on account of its Interest.

ARTICLE IV. ACCEPTANCE OR REJECTION OF THE PLAN; CRAMDOWN

Section 4.01. Acceptance by Impaired Classes of Claims and Interests. Pursuant to Section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if: (a) the Holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan, and (b) more than one-half (1/2) in number of the Holders of such Allowed Claims actually voting in such Class (other than Claims held by any Holder designated pursuant to section 1126(e) of the Bankruptcy Code) have timely and properly voted to accept the Plan, without consideration of

the vote of any Insiders. Holders of Claims that are included in a Class that is entitled to vote but are unliquidated shall be entitled to vote and their claims shall be assigned the value of \$1.00 for voting purposes only.

Section 4.02. Voting Classes. Except as otherwise required by the Bankruptcy Code or the Bankruptcy Rules, the Holders of Claims in Classes 2 through 5 shall be entitled to vote to accept or reject the Plan in accordance with Section 4.01 of the Plan. Classes of Claims Unimpaired under the Plan (Priority Claims (Class 1)) shall not be entitled to vote to accept or reject the Plan, and shall be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Administrative Claims and Priority Tax Claims are Unimpaired and not classified under the Plan and hence are not entitled to vote to accept or reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Section 4.03. Ballot Instructions. Each Holder of a Claim or Interest entitled to vote on the Plan will be asked to complete and return a Ballot to the Debtors, which will compile the votes so received. Any questions as to the validity, form, and eligibility (including time of receipt) of Ballots will be resolved by the Bankruptcy Court upon application or at the Confirmation Hearing.

Section 4.04. Cramdown. If all applicable requirements for Confirmation of the Plan are met as set forth in section 1129(a)(1) through (13) of the Bankruptcy Code as applied to nonprofit entities except subsection (8) thereof, the Debtors may request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code, notwithstanding the requirements of section 1129(a)(8) thereof, on the bases that the Plan is fair and equitable, and does not discriminate unfairly, with respect to each Class of Claims or Interests that is Impaired under, and has not accepted, the Plan.

ARTICLE V.

PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN

Section 5.01. Timing of Distributions. Except as specifically set forth in the Plan, distributions of Property will be made to Holders of Allowed Claims in accordance with Article III of the Plan. If a Claim is not an Allowed Claim as of the applicable distribution date, distributions will be made only if and when the Claim is Allowed, and then in accordance with Article III of the Plan and, with respect to the cure of defaults for assumed executory contracts and unexpired leases, Section 6.02 of the Plan, and in each case, subject to Article VIII of the Plan. Distributions to be made as of the Effective Date on account of Claims that are Allowed as of the Effective Date and are entitled to receive distributions under the Plan shall be made on the Effective Date or as soon as reasonably practicable thereafter. Distributions to be made after the Effective Date shall be made on dates to be established by the Distribution Agent pursuant to the terms of this Plan, taking into account the resolution of Disputed Claims and the Distribution Agent's right to defer distributions if the amount of the Cash to be distributed on a particular date is insufficient to justify the costs of effectuating the distribution.

Section 5.02. Distributions to Holders of Allowed Claims. Except as otherwise provided herein, the Distribution Agent shall make all distributions required under the Plan in a manner consistent with the Plan. Distributions to Holders of Allowed Claims will be made in

accordance with Article III of the Plan. On the Effective Date, the Debtors shall deliver Cash to the Distribution Agent, who will deposit such Cash into the Distribution Account. From the Distribution Account, the Distribution Agent will make Cash distributions in accordance with the Plan. If any dispute arises as to the identity of a Holder of an Allowed Claim who is to receive any distribution, the Distribution Agent or the Debtors shall, as appropriate and in lieu of making such distribution to such Holder, delay such distribution until the disposition thereof shall be determined by Final Order of the Bankruptcy Court or by written agreement among the interested parties to such dispute.

Section 5.03. Distribution Account. One or more Distribution Accounts shall be established the Distribution Agent to receive the Distributable Cash necessary to fund the Plan. On, or as soon as reasonably practicable after, the Effective Date the Distribution Agent shall make Cash distributions from the Distribution Account in accordance with the Plan (collectively, the “Distribution Account Claims”). Each Distribution Account shall be extinguished following payment of all distributions made therefrom in accordance with the Plan.

Section 5.04. Delivery of Distributions. Distributions to Holders of Allowed Claims shall be made by the Distribution Agent: (a) at the last known addresses of such Holders or (b) at the addresses set forth in any written notices of address changes delivered to the Debtors or the Distribution Agent. If any Holder’s distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Distribution Agent is notified of such Holder’s then current address, at which time all missed distributions shall be made to such Holder without interest.

Section 5.05. Method of Cash Distributions. Any Cash payment to be made pursuant to the Plan may be made by check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law at the option of the Distribution Agent.

Section 5.06. Failure to Negotiate Checks. Checks issued in respect of distributions under the Plan shall be null and void if not negotiated within ninety (90) days after the date of issuance. Any amounts returned to the Debtors in respect of such non-negotiated checks shall be forwarded to (if necessary) and held by the Distribution Agent. Requests for reissuance for any such check shall be made directly to the issuer of the check by the Holder of the Allowed Claim with respect to which such check originally was issued. All amounts represented by any voided check will be held until the earlier of: (a) one (1) month after date on which the check is voided, or (b) the date on which the Bankruptcy Court enters the Final Decree, and all requests for reissuance by the Holder of the Allowed Claim in respect of a voided check are required to be made prior to such date. Thereafter, all such amounts shall be deemed to be Unclaimed Property, in accordance with Section 5.07 of the Plan, and all Holders of Claims in respect of void checks shall be forever barred, estopped and enjoined from asserting a claim to such funds in any manner against the Debtors or their respective assets, or the Distribution Agent.

Section 5.07. Unclaimed Distributions. All Property distributed on account of Claims must be claimed prior to the date on which the Bankruptcy Court enters the Final Decree, or, in the case of a distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in Section 5.06 of the Plan. If, on the date on which the

Bankruptcy Court enters the Final Decree, the amount of Unclaimed Property exceeds \$50,000, the Distribution Agent shall make a second Distribution, less the costs incurred to make such Distribution, to holders of Allowed Class 5 Claims. All Unclaimed Property, as of the later of: (a) the date on which the Final Decree is entered or, (b) if a second Distribution is made pursuant to this section, ninety (90) days following issuance of the checks comprising the second Distribution, shall be retained by and will revert to the Debtors. All full or partial payments made by the Debtors and received by the Holder of a Claim prior to the Effective Date will be deemed to be payments under the Plan for purposes of satisfying the obligations of the Debtors or the Distribution Agent pursuant to the Plan. Nothing contained in the Plan shall require the Debtors or the Distribution Agent to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Debtors and any Claims filed in the Chapter 11 Cases. Pursuant to section 1143 of the Bankruptcy Code, all Claims in respect of Unclaimed Property shall be deemed Disallowed and the Holder of any Claim Disallowed in accordance with this Section 5.07 will be forever barred, expunged, estopped and enjoined from asserting such Claim in any manner against the Debtors or the Distribution Agent, or their respective assets.

Section 5.08. Limitation on Distribution Rights. If a claimant holds more than one Claim in any one Class, all Claims of the claimant in that Class will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

Section 5.09. Compliance With Tax Requirements. In connection with each distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the Debtors or the Distribution Agent, as appropriate, shall file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such distribution or effect any such withholding and deposit all moneys so withheld as required by law. With respect to any Person from whom a tax identification number, certified tax identification number or other tax information required by law to avoid withholding has not been received by the Debtors or the Distribution Agent within thirty (30) days from the date of such request, the Debtors or the Distribution Agent, at their or its option, may withhold the amount required and distribute the balance to such Person or decline to make such distribution until the information is received.

Section 5.10. De Minimis Distributions. No Cash payment of less than one (\$1.00) dollar shall be made to any Holder of an Allowed Claim on account of such Allowed Claim.

ARTICLE VI.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES; INDEMNIFICATION OBLIGATIONS; BENEFIT PROGRAMS

Section 6.01. Rejection of Executory Contracts and Unexpired Leases. Pursuant to sections 365 and 1123 of the Bankruptcy Code, except as otherwise set forth in this Article VI, each executory contract and unexpired lease to which any Debtor is a party shall be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Effective Date, (iii) that is assumed, rejected or otherwise treated

pursuant to Section 6.03 or Section 6.04 of the Plan, (iv) that is listed on Schedule 6.02(a) or 6.02(b) of the Plan, or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned Schedules shall be of no effect.

Section 6.02. Schedules of Executory Contracts and Unexpired Leases.

(a) Schedules 6.02(a) and 6.02(b) of this Plan shall represent the Debtors' good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. The Debtors reserve the right, on or prior to 3:00 p.m. (prevailing Eastern time) on the third Business Day immediately prior to the commencement of the Confirmation Hearing, (i) to amend Schedules 6.02(a) and 6.02(b) in order to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) to amend the Proposed Cure, in each case with respect to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned for a period of more than two consecutive calendar days, such amendment right shall be extended to 3:00 p.m. on the Business Day immediately prior to the rescheduled or continued Confirmation Hearing, and this proviso shall apply in the case of any and all subsequent adjournments of the Confirmation Hearing. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (i) each of the executory contracts and unexpired leases listed on Schedule 6.02(a) shall be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party shall be the Cure and shall be deemed to satisfy fully any obligations the Debtors might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (ii) each of the executory contracts and unexpired leases listed on Schedule 6.02(b) shall be deemed rejected effective as of the Rejection Effective Date specified thereon. The Debtors reserve the right to object to any Treatment Objection.

(b) The Debtors shall file initial versions of Schedules 6.02(a) and 6.02(b) and any amendments thereto with the Bankruptcy Court and shall serve all notices thereof only on the relevant Assumption Parties and Rejection Parties and the Committee. With respect to any executory contract or unexpired lease first listed on Schedule 6.02(b) later than the date that is ten calendar days prior to the Voting Deadline, the Debtors shall use their best efforts to notify the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

(c) With respect to any executory contracts or unexpired leases first listed on Schedule 6.02(b) later than the date that is ten calendar days before the Voting Deadline, affected Rejection Parties shall have five calendar days from the date of such amendment to Schedule 6.02(b) to object to Confirmation of this Plan. With respect to any executory contracts or

unexpired leases first listed on Schedule 6.02(b) later than the date that is five calendar days prior to the Confirmation Hearing, affected Rejection Parties shall have until the Confirmation Hearing to object to Confirmation of this Plan or amend any vote on the Confirmation of this Plan.

(d) The listing of any contract or lease on Schedule 6.02(a) or 6.02(b) is not an admission that such contract or lease is an executory contract or unexpired lease.

Section 6.03. Categories of Executory Contracts and Unexpired Leases to be Assumed.

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories shall be deemed assumed as of the Effective Date (and the Proposed Cure with respect to each shall be zero dollars), except for any executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 6.02(a) or 6.02(b), (iv) that is otherwise expressly assumed or rejected pursuant to the terms of this Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

(a) Insurance Plans. Subject to the terms of the first paragraph of this Section 6.03, each Insurance Plan shall be deemed assumed effective as of the Effective Date. Nothing contained in this Section 6.03(a) shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by this Section 6.03(a) shall be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

(b) Certain Indemnification Obligations. Each Indemnification Obligation to a director, officer or employee that was employed by any of the Debtors in such capacity on or after the Petition Date shall be deemed assumed effective as of the Effective Date; provided, however, that any Indemnification Obligation contained in an Employee Agreement that is rejected pursuant to Section 6.04 shall also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to the Plan shall (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligation and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Notwithstanding anything contained in this Plan, the Debtors may in their sole discretion (but have no obligation to) honor each Indemnification Obligation to a director, officer or employee that was no longer employed by any of the Debtors in such capacity on or after the Petition Date, unless such obligation (i) shall have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) is the subject of a motion to reject pending on or before

the Confirmation Date, (iii) is listed on Schedule 6.02(b) or (iv) is otherwise expressly rejected pursuant to the terms of the Plan or any Notice of Intent to Assume or Reject.

For the avoidance of doubt, notwithstanding any of the foregoing or anything contained in this Plan, this Section 6.03(b) shall not be construed to impart any liability upon PHMC on account of such Indemnification Obligations or any related liabilities and such Indemnification Obligations shall not be deemed assumed by PHMC.

(c) License Agreements. Subject to the terms of the first paragraph of this Section 6.03, any and all License Agreements pursuant to which the Debtors operate their programs, shall be deemed assumed effective as of the Effective Date. Nothing contained in this Section 6.03(d) shall constitute or be deemed a waiver of any defense or Cause of Action that the Debtors may hold against any individual or entity, including, without limitation, any counterparty to a License Agreement.

Section 6.04. Other Categories of Agreements and Policies.

(a) Employee Agreements. Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into prior to the Petition Date with an employee who was employed by one of the Debtors on the Petition Date shall be deemed assumed effective as of the Effective Date, except for any Employee Agreement (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 6.02(a) or 6.02(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan, or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

(b) Employee Benefits. As of the Effective Date, whether or not such employee benefits are provided for in an Employee Agreement that has been rejected in these Chapter 11 Cases (by operation of this Plan or otherwise), the Debtors, in their sole and absolute discretion, may honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, health care benefits, disability benefits, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of any of the Debtors who served in such capacity at any time. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding anything else herein, at the discretion of the Debtors, the assumed plans shall be subject to modification in accordance with the terms thereof.

The Debtors may execute amended Employee Agreements with certain of their employees on or before the Confirmation Date subject to the approval of the Bankruptcy Court.

Section 6.05. Assumption and Rejection Procedures and Resolution of Treatment Objections.

(a) Proposed Assumptions.

(i) With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of this Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed assumed as of the Assumption Effective Date proposed by the Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code shall be deemed fully satisfied by the Proposed Cure, if any, which shall be the Cure.

(ii) Any objection to the assumption of an executory contract or unexpired lease that is not timely filed and properly served shall be denied automatically and with prejudice (without the need for any objection by the Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption shall be forever barred from assertion and shall not be enforceable against any Debtor or its Estate or properties without the need for any objection by the Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) shall be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

(b) Proposed Rejections.

(i) With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of this Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed rejected as of the Rejection Effective Date proposed by the Debtors without any further notice to or action by the Bankruptcy Court.

(ii) Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served shall be deemed denied automatically and with prejudice (without the need for any objection by the Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

(c) Resolution of Treatment Objections.

(i) Both on and after the Effective Date, the Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

(ii) With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise

resolved by the parties after a reasonable period of time, the Debtors, in consultation with the Bankruptcy Court, shall schedule a hearing on such Treatment Objection and provide at least 14 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

(iii) Any Cure shall be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption, unless the Debtors file a Notice of Intent to Assume or Reject under Section 6.05(d).

(iv) No Cure shall be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

(d) **Reservation of Rights.** If a Treatment Objection is filed with respect to any executory contract or unexpired lease sought to be assumed or rejected by any of the Debtors, the Debtors reserve the right (i) to object to such Treatment Objection; (ii) to seek to assume or reject such agreement at any time before the assumption, rejection, assignment or Cure with respect to such agreement is determined by Final Order, and (iii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

Section 6.06. Rejection Claims. With respect to any executory contract or unexpired lease that is rejected by the Debtors pursuant to this Plan or during the administration of these Chapter 11 Cases, the Rejection Party shall file a Rejection Claim on or before the Rejection Bar Date. Any Rejection Claim for which a Rejection Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtors, or their respective Estates or properties. The Debtors reserve the right to contest any Rejection Claim, which dispute shall be resolved by the Bankruptcy Court prior to the allowance of the disputed Rejection Claim.

Section 6.07. Assignment. To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to this Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

Section 6.08. Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order by the Bankruptcy Court shall, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by this Plan pursuant to sections 365 and 1123 of the Bankruptcy Code.

(a) Each executory contract and unexpired lease that is assumed (and/or assigned) pursuant to the Plan shall vest in and be fully enforceable by the applicable Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing or providing for its assumption (and/or assignment), or applicable federal law.

(b) The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default shall be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan shall be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

Section 6.09. Modifications, Amendments, Supplements, Restatements or Other Agreements.

Unless otherwise provided by this Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to pre-petition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the pre-petition nature of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any pre-petition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

Section 6.10. Play and Learn Lease. Notwithstanding anything to the contrary in this Article VI of this Plan or otherwise, the Play and Learn Lease: (i) has been assumed by Order of the Bankruptcy Court dated July 26, 2017 [Docket No. 146] effective as of August 26, 2017 and (ii) shall be treated as an assumed contract/unexpired lease for all purposes by the Debtors, Reorganized Debtors and PHMC consistent with the terms and conditions of the Order of the Bankruptcy Court dated July 26, 2017 [Docket No. 146].

ARTICLE VII. MEANS FOR IMPLEMENTATION OF THE PLAN

Section 7.01. Continued Existence. Except as otherwise provided in the Plan, each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity to the extent provided in the Affiliation Agreement, each with all the powers of a nonprofit corporation under the laws of the Commonwealth of Pennsylvania and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law. Pursuant to the Affiliation Agreement, the Reorganized Debtors shall become subsidiaries of PHMC and shall be operated as subsidiaries of PHMC.

Section 7.02. Restructuring Transactions. On or as of the Effective Date, the distributions provided for under the Plan shall be effectuated pursuant to the following transactions described in this Article VII of the Plan (the “Restructuring Transactions”), all of which shall occur in seriatim (and all of which are conditions concurrent to the occurrence of the Effective Date of this Plan), and the documentation for which shall be satisfactory to the Debtors and PHMC:

(a) The Siena DIP Financing Facility shall be paid in full (including all principal, interest, fees and expenses) and upon receipt of such payment, all liens securing the same shall be released;

(b) The Initial DIP Financing Facility shall be paid in full (including all principal, interest, fees and expenses) and upon receipt of such payment all liens securing it shall be released;

(c) The Management Agreements shall terminate and the Affiliation Agreement shall become effective, with the Debtors being authorized, including through a No Objection Letter or approval of the Orphans Court, if necessary, to take any actions necessary to consummate the affiliation with PHMC and its affiliates pursuant to the terms of the Affiliation Agreement.

(d) PHMC shall provide the Distribution Agent with the Distributable Cash to fund payments to Classes 5A, 5B and 5C as provided in the Plan.

(e) Execution of all loan documents required by the Exit Lender for the Exit Facility.

Section 7.03. Other Transactions. In addition, except as otherwise set forth in the Plan, any or all of the Debtors may engage in any other transactions deemed necessary or

appropriate to effectuate the Plan (including, without limitation, merging, dissolving or transferring assets among them).

Section 7.04. Organizational Action. The entry of the Confirmation Order shall constitute authorization for the Debtors to take or to cause to be taken all actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court. On or (as applicable) before the Effective Date, the appropriate officers and managers of the Debtors are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name and on behalf of the Debtors.

Section 7.05. Negotiations in Good Faith for the Purchase of Certain Property. Following the Effective Date, the Reorganized Debtors, PHMC and Public Health Fund shall negotiate in good faith with the Initial DIP Lender for the sale or lease at fair market value of the subject leased property in the Play and Learn Lease as well as certain adjacent lands owned by the Debtors.

ARTICLE VIII.

PRESERVATION OF CAUSES OF ACTION AND RIGHT TO DEFEND AND CONTEST

Section 8.01. Preservation of Rights. Except to the extent that any Claim is Allowed during the Chapter 11 Cases or expressly by this Plan, the Confirmation Order, or other order of the Bankruptcy Court, nothing, including, but not limited to, the failure of the Debtors to object to a Claim or Interest for any reason during the pendency of the Chapter 11 Cases, shall affect, prejudice, diminish or impair the rights and legal and equitable defenses of the Debtors, with respect to any Claim or Interest, including, but not limited to, all rights of the Debtors to contest or defend themselves against such Claims or Interests in any lawful manner or forum when and if such Claim or Interest is sought to be enforced by the Holder thereof. Notwithstanding any provision in the Plan or the Confirmation Order to the contrary, with respect to the Debtors' contracts with the City, the City shall retain any right of setoff or recoupment to the extent available under applicable law.

Section 8.02. Rights of Action. Except as otherwise provided in the Plan or the Confirmation Order, all Avoidance Actions shall automatically revert to and become the property of the Reorganized Debtors. The Reorganized Debtors will waive the right to enforce and prosecute such Avoidance Actions against any Person or Entity that arose before the Effective Date, other than those expressly preserved or retained as part of or pursuant to the Plan or Confirmation Order, unless the Person or Entity pursues a claim, other than an Allowed Claim, against the Debtors or the Estates. For the avoidance of doubt, it is the Debtors intention that all claims and causes of action by and against the Debtors be resolved through the Plan and that Avoidance Actions be waived as part of the claims allowance process. Accordingly, Avoidance Actions are expressly preserved against any Person or Entity only to the extent that such Person or Entity asserts a claim or cause of action, other than an Allowed Claim, against the Debtors and only until such asserted claim or cause of action becomes an Allowed Claim or is

Disallowed, whether by agreement of the Debtors and such Person or Entity or by order of a court of competent jurisdiction.

Section 8.03. Setoffs. Except to the extent that any Claim is Allowed, the Debtors or the Distribution Agent, as applicable, may, but shall not be required to, set off against any Claims and the payments or distributions to be made pursuant to the Plan in respect of such Claims, any and all debts, liabilities, Causes of Action and Claims of every type and nature whatsoever which the Estates, the Debtors or the Distribution Agent may have against such Creditors, but neither the failure to do so nor the allowance of any such Claims, whether pursuant to the Plan or otherwise, shall constitute a waiver or release by the Debtors or the Distribution Agent of any such Claims or Causes of Action the Debtors or the Distribution Agent may have against such Creditors.

Section 8.04. No Payment or Distribution Pending Allowance. All references to Claims and amounts of Claims refer to the amount of the Claim Allowed by agreement of the Debtors or the Distribution Agent and the Holder of such Claim, by operation of law, by Final Order, or by this Plan. Notwithstanding any other provision in the Plan, no payment or distribution shall be made on account of or with respect to any Claim to the extent it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed Claim.

Section 8.05. Resolution of Disputed Claims. Unless otherwise ordered by the Court after notice and a hearing, the Debtors shall have the right, on and after the Effective Date, to File Objections to Claims (except those specifically Allowed by this Plan) and shall serve a copy of each such objection upon the Holder of the Claim to which the Objection is made as soon as practicable, but in no event later than the applicable Claims Objection Deadline. The foregoing deadlines may be extended by order of the Court. An Objection to any Claim shall be deemed properly served on the Holder thereof if the Debtors or Distribution Agent effects service in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Federal Rule of Bankruptcy Procedure 7004; (b) by first class mail, postage prepaid, on the signatory on the Proof of Claim or other representative identified in the Proof of Claim or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Cases.

Section 8.06. Late Filed Claims Deemed Disputed. Any claim filed after the applicable Bar Date shall be deemed a Disputed Claim until such time, if any, that such Claim becomes an Allowed Claim or a Disallowed Claim by order of the Bankruptcy Court.

ARTICLE IX.

CONDITIONS TO CONSUMMATION OF THE PLAN

Section 9.01. Conditions to Confirmation.

The following are conditions precedent to Confirmation of the Plan that must be satisfied or waived in accordance with Section 9.03 of the Plan:

(a) The Bankruptcy Court shall have entered a Confirmation Order in form and substance acceptable to the Debtors, PHMC, Siena DIP Lender and Initial DIP Lender (and which in all cases provides for the satisfaction of the Siena DIP Financing Facility and Initial DIP Financing Facility on the Effective Date.

(b) The Exit Lender shall have committed to provide financing sufficient to satisfy the Siena DIP Financing Facility and Initial DIP Financing Facility in full.

Section 9.02. Conditions to Effectiveness. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 9.03 of this Plan:

(a) The Confirmation Order, in form and substance acceptable to the Debtors and PHMC, shall have been entered and shall not be stayed;

(b) All actions, documents and agreements necessary to implement the Plan, including receipt by the Debtors of the Distributable Cash, shall have been effected or executed as determined by the Debtors and PHMC in their sole and absolute discretion, including execution of all loan documents required by the Exit Lender for the Exit Facility;

(c) The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, No Objection Letters or approval of its affiliation from the Orphans Court, if necessary, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order, in each case as determined by the Debtors and PHMC in their sole and absolute discretion;

(d) The Amended and Restated Articles of Incorporation in accordance with Sections 3 and 7 of the Affiliation Agreement shall have been filed with the Department of State for the Commonwealth of Pennsylvania; and

(e) The occurrence of the Restructuring Transactions.

Section 9.03. Waiver of Conditions to Confirmation or Effectiveness. Upon written notice to the Committee, the Debtors may waive any of the conditions set forth in Section 9.01 and Section 9.02 hereof at any time, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan; provided, however, that notwithstanding the foregoing, Debtors and PHMC may not waive the conditions set forth in Sections 9.01(a), (b) and 9.02(e) without the express consent of Siena DIP Lender and Initial DIP Lender. The failure to satisfy any condition prior to the Confirmation Date or the Effective Date may be asserted by the Debtors, in their sole and absolute discretion (with written notice to the Committee), as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right shall be deemed an ongoing right, which may be asserted at any time.

ARTICLE X. EFFECTS OF CONFIRMATION

Section 10.01. Vesting of Assets. Upon the Effective Date, and conditioned upon the occurrence of the Restructuring Transactions, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of each of the Debtors shall vest in the Reorganized Debtors, subject to the terms and conditions of the Affiliation Agreement, free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise specifically provided in the Plan. All Liens, Claims, encumbrances, charges and other interests shall be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan. As of the Effective Date, subject to the terms of the Affiliation Agreement, the Reorganized Debtors may operate their organizations and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

(a) Injunction Discharged Claims. Pursuant to section 1141(d) the Bankruptcy Code, Confirmation will discharge Claims against the Debtors. No Holder of a Claim against any Debtor may, on account of such Claim, seek or receive any payment or other distribution from, or seek recourse against, any of the Debtors' respective successors or their respective property, except as expressly provided herein. Accordingly, except as otherwise provided herein, the Confirmation Order shall provide, among other things, that no Holder of a Claim against any Debtor may, on account of such Claim, seek or receive any payment or other distribution from, or seek recourse against, any of the Debtors' respective successors or their respective property, except that from and after the Confirmation Date, all Persons who have held, hold, or may hold Claims against the Debtors are permanently enjoined from taking any of the following actions against the Debtors, or any of their property on account of such Claims: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; and (iv) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; provided, however, that nothing contained herein shall preclude such Persons from exercising their rights pursuant to and consistent with the terms of the Plan. By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions set forth in this Section 10.02.

(b) Exculpation and Limitation of Liability. Except as otherwise specifically provided in the Plan, to the maximum extent permitted by the Bankruptcy Code and applicable law, neither the Distribution Agent, the Debtors, nor any Exculpated Person shall have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or Affiliates or any of their successors or assigns, for any act taken or omission made in connection with, relating to, or arising out of, the Chapter 11 Cases, filing, negotiating, prosecuting, administering, formulating, implementing, soliciting support or acceptance of, confirming or consummating this Plan or the Property to be distributed under this Plan, including all activities leading to the promulgation and Confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure

Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the Plan or the administration of the Debtors or these Chapter 11 Cases, *provided, however*, that the foregoing exculpation shall not apply to any act of gross negligence or willful misconduct made in connection with, relating to, or arising out of, the Chapter 11 Cases..

Section 10.02. Releases.

(a) Releases by Debtors. Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, in their individual capacities and as debtors in possession, will be deemed to have forever released, waived and discharged the Releasees from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors or the Distribution Agent to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtors, taking place on or prior to the Effective Date, or in any way relating to the Debtors, the Chapter 11 Cases, or the Plan.

(b) Releases by Holders of Claims and Interests. Effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, in consideration for the obligations of the Debtors under the Plan and the payments, contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan, each Person (excluding any of the Debtors) that has held, currently holds or may hold a Claim or Interest, and any Affiliate of any such Person (as well as any trustee or agent on behalf of each such Person), shall be deemed to have forever waived, released and discharged the Releasees from any and all Claims, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, to the Debtors or the Distribution Agent under the Plan, and the contracts, instruments releases and other agreements delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date or in any way relating to the Debtors, the Chapter 11 Cases, the Plan or the Disclosure Statement other than Claims or liabilities arising out of or relating to any act or omission that constitutes a failure to perform the duty to act in good faith and where such failure to perform constitutes willful misconduct, gross negligence, or fraud; provided, that this Section 10.02(b) shall not release any Person from any Claim or Cause of Action existing as of the Effective Date, based on (x) the Internal Revenue Code or any other domestic state, city or municipal tax code, (y) any liability that the Person may have as an owner or operator of real property after Confirmation under the environmental laws of the United States or any domestic state, city or municipality or (z) any criminal laws of the United States or any domestic state, city or municipality.

(c) Injunction. Except as otherwise specifically provided herein, on the Effective Date, the Confirmation Order shall constitute an injunction permanently enjoining any Person (excluding any of the Debtors) that has held, currently holds or may hold a Claim, demand, debt, right, Cause of Action or liability that is released pursuant to this Section 10.02 of the Plan from enforcing or attempting to enforce any such Claim, demand, debt, right, Cause of Action or liability against any Releasee or any of their respective Property.

Section 10.03. Other Documents and Actions. The Debtors are authorized to execute such documents and take such other action as is necessary to effectuate the transactions provided for in the Plan.

Section 10.04. Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105(a) or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

Section 10.05. Preservation of Insurance. Except as necessary to be consistent with the Plan, the Plan and the discharge provided herein shall not diminish or impair: (a) the enforceability of insurance policies that may cover Claims against the Debtors or any other Person or Entity; or (b) the continuation of workers' compensation programs in effect, including self-insurance programs.

Section 10.06. Guaranties. Notwithstanding the existence of guaranties by the Debtors of obligations of any Entity or Entities, and the Debtors' joint obligations with another Entity or Entities with respect to the same obligations, all Claims against the Debtors based upon any such guaranties shall be satisfied, discharged and released in the manner provided in this Plan and the Holders of Claims shall be entitled to only one distribution with respect to any given obligation of the Debtors.

Section 10.07. Subordination Rights. Any distributions under the Plan shall be received and retained free of and from any obligations to hold or transfer the same to any other Creditor, and shall not be subject to levy, garnishment, attachment or other legal process by any Holder by reason of claimed contractual subordination rights, which rights shall be waived and the Confirmation Order shall constitute an injunction enjoining any Person from enforcing or attempting to enforce any contractual, legal or equitable subordination rights to Property distributed under the Plan, in each case other than as provided in the Plan.

Section 10.08. No Successor Liability. Except as otherwise expressly provided in the Plan and Affiliation Agreement (but prior to the Effective Date, subject to the terms of the Siena DIP Financing Facility and Initial DIP Financing Facility), none of the Debtors, PHMC or the Distribution Agent, pursuant to the Plan or otherwise, assumes, agrees to perform, pays, or indemnifies or otherwise has any responsibility for any liabilities or obligations of the Debtors or any other party relating to or arising out of the operations of or assets of the Debtors, whether arising prior to, on, or after the Effective Date. Neither PHMC nor the Distribution Agent is, or shall be, a successor to the Debtors by reason of any theory of law or equity, and shall not have any successor or transferee liability of any kind or character except as expressly provided in the Plan.

ARTICLE XI. RETENTION OF JURISDICTION

Section 11.01. Exclusive Jurisdiction of Bankruptcy Court. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain after the Effective Date exclusive jurisdiction of all matters arising out of, arising in or related to the Chapter 11 Cases to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

(a) classify or establish the priority or secured or unsecured status of any Claim (whether filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim pursuant to the Plan;

(b) grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 330, 331 or 503(b) of the Bankruptcy Code or otherwise provided for in the Plan, for periods ending on or before the Effective Date;

(c) determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

(d) ensure that all payments due under the Plan and performance of the provisions of the Plan are accomplished as provided herein and resolve any issues relating to distributions to Holders of Allowed Claims pursuant to the provisions of the Plan;

(e) construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, including, without limitation, the Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the Plan and protection of the Distribution Agent in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;

(f) determine and resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the Plan (and all Exhibits to the Plan) or the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;

(g) hear any application of the Distribution Agent or the Debtors to modify the Plan after the Effective Date pursuant to section 1127 of the Bankruptcy Code and Section 12.04 hereof or modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement,

the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code and the Plan;

(h) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;

(i) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(j) determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, except as otherwise provided in the Plan;

(k) determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(l) hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;

(m) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(n) enter one or more Final Decrees closing each of the Chapter 11 Cases;

(o) determine and resolve any and all controversies relating to the rights and obligations of the Distribution Agent in connection with the Chapter 11 Cases;

(p) allow, disallow, determine, liquidate or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other issue presented hereby or arising hereunder, including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);

(q) permit the Debtors or the Distribution Agent, to the extent provided for in the Plan, to recover all assets of the Debtors and Property of their respective Estates, wherever located;

(r) hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar or related matters with respect to the Debtors or the Debtors' respective Estates arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Cases, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code; and

(s) hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, filed or commenced after the Effective Date that may be commenced by the Debtors or the Distribution Agent thereafter, including Avoidance Actions, proceedings with respect to the rights of the Debtors or the Distribution Agent to recover Property under sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 550, 551 or 553 of the Bankruptcy Code, or proceedings to otherwise collect to recover on account of any Claim or Cause of Action that the Debtors may have had.

Section 11.02. Failure of Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Debtors, including with respect to the matters set forth above in Section 11.01 hereof, this Article XI shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

ARTICLE XII. MISCELLANEOUS PROVISIONS

Section 12.01. Binding Effect of Plan. The provisions of the Plan shall be binding upon and inure to the benefit of the Debtors, the Estates, the Distribution Agent, any Holder of any Claim or Interest treated herein or any Person named or referred to in the Plan, and each of their respective heirs, executors, administrators, representatives, predecessors, successors, assigns, agents, officers and directors, and, to the fullest extent permitted under the Bankruptcy Code and other applicable law, each other Person affected by the Plan.

Section 12.02. Withdrawal of the Plan. The Debtors reserve the right, at any time prior to Confirmation of the Plan, to withdraw the Plan. If the Plan is withdrawn, the Plan shall be null and void and have no force and effect. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

Section 12.03. Final Order. Except as otherwise expressly provided in the Plan, any requirement in the Plan for a Final Order may be waived by the Debtors, in their sole discretion, provided, however, that in the event the Debtors determine in good faith that any such waiver would constitute a breach of the Debtors' fiduciary duties, the Debtors may seek to prevent any such waiver by seeking an order of the Bankruptcy Court on an expedited basis upon written notice to the Bankruptcy Court. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order.

Section 12.04. Modification of the Plan. The Debtors may amend or modify the Plan in accordance with section 1127 of the Bankruptcy Code or as otherwise permitted at any time prior to the Confirmation Date; provided, however, that such amendment or modification may not alter the provisions of Sections 7.02, 9.01, or 9.02 without the consent of Siena DIP Lender and Initial DIP Lender. After the Confirmation Date and prior to the substantial consummation of the Plan, and in accordance with the provisions of section 1127(b) of the Bankruptcy Code and the Bankruptcy Rules, the Debtors may, so long as the treatment of Holders of Claims or Interests under the Plan is not adversely affected, institute proceedings in

the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, prior notice of such proceedings shall be served in accordance with Bankruptcy Rules 2002 and 9014.

Section 12.05. Business Days. If any payment or act under the Plan is required to be made or performed on a date that is a Saturday, Sunday, Federal or Bank Holiday, 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.

Section 12.06. Severability. Should the Bankruptcy Court determine, prior to the Confirmation Date, that any provision of the Plan is either illegal on its face or illegal as applied to any Claim or Interest, such provision shall be unenforceable as to all Holders of Claims or Interests or to the specific Holder of such Claim or Interest, as the case may be, as to which such provision is illegal. Unless otherwise determined by the Bankruptcy Court, such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

Section 12.07. Governing Law. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR BANKRUPTCY RULES OR OTHER FEDERAL LAWS ARE APPLICABLE, AND SUBJECT TO THE PROVISIONS OF ANY CONTRACT, INSTRUMENT, RELEASE, INDENTURE OR OTHER AGREEMENT OR DOCUMENT ENTERED INTO IN CONNECTION WITH THE PLAN, THE CONSTRUCTION, IMPLEMENTATION AND ENFORCEMENT OF THE PLAN AND ALL RIGHTS AND OBLIGATIONS ARISING UNDER THE PLAN SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAW PRINCIPLES WHICH WOULD APPLY THE LAW OF A JURISDICTION OTHER THAN THE COMMONWEALTH OF PENNSYLVANIA.

Section 12.08. Post-Effective Date Status of the Committee. Unless previously dissolved by the Office of the United States Trustee, the Committee shall continue in existence until the Effective Date, with the Debtors to pay the reasonable fees and expenses of the Committee and its professionals through the Effective Date. The Committee shall have standing to participate in proceedings brought by its respective professionals or, if applicable, members, for allowance of fees and/or reimbursement of expenses as permitted by law. Except as provided in this Section 12.08 or above, the Committee shall be dissolved on the Effective Date, and the members, attorneys, accountants, and other professionals thereof shall be released and discharged of and from all further authority, duties, responsibilities, liabilities, and obligations related to, or arising from, the Chapter 11 Cases, the Plan, or its implementation. Notwithstanding the occurrence of the Effective Date and the dissolution of the Committee, the Debtors will not seek to close these Chapter 11 cases until the expiration of seven (7) months following the Effective Date.

Section 12.09. Payment of Statutory Fees. All U.S. Trustee's Fee Claims, as determined, if necessary, by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date by the Debtors.

Section 12.10. Post-Confirmation Operating Reports. To the extent required, the Debtors shall File quarterly operating reports as required by the United States Trustee until such time as a Final Decree or other order is entered under section 350(a) of the Bankruptcy Code closing the Bankruptcy Cases.

Section 12.11. Notices. Any notice required or permitted to be provided under this Plan to the Debtors, or any request for information with respect to the Plan, shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

Wordsworth Academy
3300 Henry Avenue
Philadelphia, PA 19129
Attn: Don Stewart
Email: dstewart@wordsworth.org

With copies to:

Dilworth Paxson LLP
1500 Market Street
Suite 3500E
Philadelphia, PA 19102
Attn.: Lawrence G. McMichael
Email: lmcmichael@dilworthlaw.com

Section 12.12. Filing of Additional Documents. Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan shall, where expressly so provided for in this Plan, be contained in Plan supplements filed from time to time, all of which shall be filed with the Bankruptcy Court no later than 10 calendar days prior to the Voting Deadline. Unless otherwise expressly provided in the Plan, the Debtors shall remain free to modify or amend any such documents after such date. Upon filing with the Bankruptcy Court, the Plan supplements may be inspected in the office of the clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may also obtain a copy of the Plan supplements from Debtors' counsel or the Bankruptcy Court's Website (located at www.paeb.uscourts.gov).

Section 12.13. Section 1125 of the Bankruptcy Code. The Debtors have, and upon Confirmation of the Plan shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code and (b) the Debtors (and each of their respective Affiliates, officers, directors, employees, consultants, agents, advisors, members, attorneys, accountants, financial advisors, other representatives and Professionals), have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of any securities offered and sold under the Plan, and are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer, issuance, sale, or purchase of any securities offered and sold under the Plan.

Section 12.14. Section 1146 Exemption. To the fullest extent permitted under section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, if any, or the execution, delivery or recording of an instrument of transfer under the Plan, or the revesting, transfer or sale of any real or other Property of or to the Debtors or the Distribution Agent, shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax or similar tax.

Section 12.15. Time. Unless otherwise specified herein, in computing any period of time prescribed or allowed by the Plan, the Day of the act or event from which the designated period begins to run shall not be included. The last Day of the period so computed shall be included, unless it is not a Business Day, in which event the period runs until the end of next succeeding Day that is a Business Day. Otherwise, the provisions of Bankruptcy Rule 9006 shall apply.

Section 12.16. No Attorneys' Fees. No attorneys' fees will be paid by the Debtors with respect to any Claim or Interest except as expressly specified herein or by order of the Bankruptcy Court.

Section 12.17. No Injunctive Relief. No Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable or other prospective relief.

Section 12.18. Continued Confidentiality Obligations. Pursuant to the terms thereof, members of and advisors to the Committee, any other Holder of a Claim or Interest, and their respective predecessors, successors and assigns shall continue to be obligated and bound by the terms of any confidentiality agreement executed by them in connection with these Chapter 11 Cases or the Debtors, to the extent that such agreement, by its terms, may continue in effect after the Confirmation Date.

Section 12.19. No Admissions or Waivers. Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission or waiver by the Debtors with respect to any matter set forth herein, including, without limitation, liability on any Claim or Interest or the propriety of any classification of any Claim or Interest.

Section 12.20. Entire Agreement. The Plan, together with the Plan Documents (and all Exhibits to the Plan and any Plan supplements that may be filed), sets forth the entire agreement and undertakings relating to the subject matter hereof and supersedes all prior discussions and documents. The Debtors shall not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

Section 12.21. Waiver. The Debtors reserve the right to waive any provision of this Plan to the extent such provision is for the sole benefit of the Debtors and/or their officers or directors.

Section 12.22. Bar Date for Professionals. Applications for compensation for services rendered and reimbursement of expenses incurred by Professionals from the Petition Date through the Effective Date shall be filed no later than forty-five (45) days after the Effective Date. Such applications shall be served on: (a) the Debtors; (b) Lawrence G. McMichael, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102, counsel to the Debtors; (c) the Office of the United States Trustee; and (d) S. Jason Teele, Cullen and Dykman LLP, One Riverfront Plaza, Newark, NJ 07102, counsel to the Committee. Applications that are not timely filed will not be considered by the Court. The Debtors or the Distribution Agent may pay any Professional fees and expenses incurred on or after the Effective Date without any application to the Bankruptcy Court.

The Debtors hereby request Confirmation of the Plan pursuant to section 1129(a) or section 1129(b) of the Bankruptcy Code.

Dated: November 8, 2017

WORDSWORTH ACADEMY,
WORDSWORTH CUA 5, LLC,
WORDSWORTH CUA 10, LLC

By: _____
Name: Don Stewart
Title: Chief Financial Officer and Acting
Chief Executive Officer,
Wordsworth Academy and
Authorized Officer pursuant to the
Resolution of the Boards of Directors
of Wordsworth CUA 5, LLC and
Wordsworth CUA 10, LLC

Section 12.21. Waiver. The Debtors reserve the right to waive any provision of this Plan to the extent such provision is for the sole benefit of the Debtors and/or their officers or directors.

Section 12.22. Bar Date for Professionals. Applications for compensation for services rendered and reimbursement of expenses incurred by Professionals from the Petition Date through the Effective Date shall be filed no later than forty-five (45) days after the Effective Date. Such applications shall be served on: (a) the Debtors; (b) Lawrence G. McMichael, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102, counsel to the Debtors; (c) the Office of the United States Trustee; and (d) S. Jason Teele, Cullen and Dykman LLP, One Riverfront Plaza, Newark, NJ 07102, counsel to the Committee. Applications that are not timely filed will not be considered by the Court. The Debtors or the Distribution Agent may pay any Professional fees and expenses incurred on or after the Effective Date without any application to the Bankruptcy Court.

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WORDSWORTH ACADEMY,
WORDSWORTH CUA 5, LLC,
WORDSWORTH CUA 10, LLC

By:

Name: Don Stewart

Title: Chief Financial Officer and Acting
Chief Executive Officer,
Wordsworth Academy and
Authorized Officer pursuant to the
Resolution of the Boards of Directors
of Wordsworth CUA 5, LLC and
Wordsworth CUA 10, LLC

Schedule 6.02(a)

Wordsworth Academy et al
List of Assumed Contracts/Agreements

Contractor/Agreement	Type	Sub-Type	Primary Programs
Arrimour Group	Vendor	Landscape	FW
Dunn Corporate Resources	Vendor	Unemployment tax consultant	HR / agency
Interstate Fleet	Vendor	commercial MV lease	FR
General Healthcare Resources (GHR)	Vendor	Staffing Agency	Acute Services
Therapy Source	Vendor	Staffing Agency	agency
ADP	Vendor	payroll	Agency
US Medical	Vendor	Staffing Agency	Acute Services/BHRS/FW
Netsmart	Vendor	training LMS	Agency
Earthscapes	Vendor	snow removal	FW
MST Services	Vendor	license fee renewal	MST
Iron Mountain	Vendor	Record retention and shredding	Agency
Credible	Vendor	EMR Provider	Agency
Med Flex	Vendor	Medical waste	FW- school
Serenity ERP	Vendor		
Staffing Plus	Vendor	Staffing Agency	Acute Services/BHRS
TAS Message	Vendor	answering service for patients	
American Alarm Technology	Vendor	swipe cards	IT
Enhanced Connections LLC	Vendor		
Squeaky Clean	Vendor	Janitorial	Agency
Patient Calls	Vendor	oncall phone service	FFS and CUA
Barricuda	Vendor	Computer security	IT
Verizon	Vendor	Cell phones	Agency
Abington Speech	Vendor	Staffing Agency	
Axion	Vendor	Staffing Agency	
FMA	Vendor	Staffing Agency	Acute Services
Binary Research	Vendor	Web design	CUA
PowerSchool	Vendor	electronic school records	APS
4041 Corporation	Landlord		Lancaster Lease
Career Builder	Vendor	Staffing Agency	Agency
Wells Fargo	Vendor	copier leases	

Schedule 6.02(b)

[To be filed]

Attachment 1

[Affiliation Agreement]

AFFILIATION AGREEMENT

THIS AGREEMENT, made this 26th day of June, 2017 (the "**Execution Date**"), by and between PUBLIC HEALTH MANAGEMENT CORPORATION ("**PHMC**"), a Pennsylvania nonprofit corporation, and WORDSWORTH ACADEMY ("**Wordsworth**"), a Pennsylvania nonprofit corporation. PHMC and Wordsworth shall be referred to individually as a "**Party**" and collectively as the "**Parties**" herein.

WITNESSETH:

WHEREAS, PHMC is a Pennsylvania nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"), engaged in the conduct and the management of activities relating to health care and the delivery and improvement of health care services; and

WHEREAS, Wordsworth is a Pennsylvania nonprofit corporation exempt from federal income tax under Code Section 501(c)(3) and is organized and operated for religious, charitable, scientific, literary and educational purposes to provide quality education, treatment, and care to children and families with special needs; and

WHEREAS, the Parties desire to affiliate with each other in furtherance of their respective charitable and tax-exempt purposes, under and subject to terms and conditions of this Agreement, as a result of which PHMC will become the sole member and parent of Wordsworth.

NOW, THEREFORE, the Parties hereto, in consideration of the foregoing and of the mutual covenants contained herein, and intending to be legally bound hereby, agree as follows:

1. Affiliation.

A Subject to the terms of this Agreement, PHMC and Wordsworth shall affiliate with each other so that, in addition to the relationship and respective obligations of the Parties described herein, pursuant to a separate written agreement (the "**Management Agreement**"), PHMC shall provide to Wordsworth certain back office, administrative and other support, including management, operational services, and access to information technology and other resources (the "**Services**"). Upon the filing of Wordsworth's Amended and Restated Articles of Incorporation (the "**Articles**") in accordance with Sections 3 and 7 below, PHMC shall become the sole member and parent of Wordsworth, and Wordsworth shall become a membership subsidiary of PHMC (the "**Affiliation**"). PHMC's rights as the sole member and parent of Wordsworth are subject to the provisions of applicable law, the terms of Wordsworth's Articles and By-laws as adopted pursuant to the terms of this Agreement, and the terms of this Agreement. The Wordsworth name shall be changed to a name mutually satisfactory to PHMC and Wordsworth. The Wordsworth corporate entity shall be maintained as a separate entity (with a rebranded name) for a minimum of two (2) years barring a critical event such as a major financial loss, force majeure or other catastrophic event after the Effective Date (defined below).

B. Subject to the terms of this Agreement, Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC shall affiliate with PHMC's subsidiary entity Turning Points for Children ("TPFC") pursuant to the terms of this Agreement. Upon the filing of Wordsworth's Amended and Restated Certificates of Organization for both Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC (the "Certificates") and in accordance with Sections 3 and 7 below, TPFC shall become the sole member and parent of Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC, and Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC shall become a membership subsidiary of TPFC (the "TPFC Affiliation"). TPFC's rights as the sole member and parent of Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC are subject to the provisions of applicable law, the terms of Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC, Certificates and Operating Agreements as adopted pursuant to the terms of this Agreement.

2. Effective Date. The Affiliation shall be effective on the date the Articles are filed and accepted with the Pennsylvania Department of State (the "Effective Date"). The Articles shall be filed with the Department of State on the Plan Effective Date (as defined below). Prior to the Effective Date, PHMC shall perform the Services and receive the compensation for such Services pursuant to the Management Agreement.

3. Amendment of Governing Documents; AG Approval. As soon as practicable after the Execution Date, the Parties shall jointly provide formal written notice of the intent to consummate the Affiliation to the Pennsylvania Office of the Attorney General, Charitable Trusts and Organizations Section (the "PA AG"), requesting a letter of no-objection (the "No Objection Letter"). Upon receipt of the No Objection Letter and on the Plan Effective Date, Wordsworth shall cause its Articles to be amended and restated to provide that PHMC shall be Wordsworth's sole member, by amending and restating the Articles in the form attached as Exhibit A; Wordsworth shall cause its By-laws to be amended and restated so that the By-laws attached to this Agreement as Exhibit B are the By-laws (the "Wordsworth By-laws") of Wordsworth in effect on the Effective Date; and Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC shall cause the Certificates to be amended and restated to provide that TPFC shall be the sole member of both Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC in accordance with the forms attached hereto as Exhibit C and each of its Operating Agreements to be amended and restated so that the Amended and Restated Operating Agreements attached as Exhibit D are the Operating Agreements of Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC respectively as of the Effective Date.

4. Management Agreement. Wordsworth acknowledges that, effective and to be implemented as of June 26, 2017, Wordsworth and PHMC will enter into a mutually agreeable Management Agreement, pursuant to which PHMC shall provide the Services to Wordsworth, as more fully described in the Management Agreement.

5. Governance.

A. As provided for in Section 7.3 of the Wordsworth By-laws PHMC shall appoint all Directors, but for a term of at least two (2) year, at least three (3) of the members of the post-affiliation Wordsworth Board of Directors shall be persons who were members of the pre-affiliation Wordsworth Board of Directors.

B. As provided for in Section 5.6 of the Wordsworth By-laws, PHMC, as the sole member of Wordsworth, shall have reserved powers of approval of PHMC for "fundamental transactions" such as mergers, acquisitions, dissolution and mortgages, and other extraordinary actions to be taken by Wordsworth.

D. On and after the Effective Date, PHMC shall appoint one (1) member of the pre-affiliation Wordsworth Board of Directors to the Board of Directors of PHMC for a minimum of one (1) full term, in accordance with the Bylaws of PHMC, and one (1) member of the pre-affiliation Wordsworth Board of Directors to the Board of Directors of Turning Points for Children for a minimum of one full (1) term, in accordance with the Bylaws of such PHMC subsidiary.

6. Charitable and Financial Provisions. On and after the Effective Date, to the fullest extent practicable using reasonable efforts and subject to the terms of this Agreement, PHMC shall:

A. maintain Wordsworth's education, behavioral and treatment programs ("Programs") following the Effective Date so long as the financial viability of the Programs remains reasonably satisfactory. Wordsworth's education programs shall be maintained for a minimum of two (2) years, barring a critical event such as a loss of licensure, an act of God, or a major financial loss, and the Fort Washington school property shall be retained as an asset of Wordsworth for at least an equal period (subject to the Play and Learn lease and standing operational practices between the landlord and the tenant, and subject to the possibility that an additional portion of the property may be sold to the existing Play and Learn tenant.) and barring a critical event such as a loss of licensure, an act of God, or a major financial loss.

B. use its best efforts to retain current employees and specifically key managerial staff of the Programs in compliance with PHMC's existing policies and procedures governing its existing staff; *provided, however*, that such employment is conditional upon the financial ability of the Programs to provide for the salaries of such employees and key managerial staff;

C. extend to Wordsworth additional credit or arrange additional lines of credit of not less than \$1,000,000, as reasonably needed to sustain charitable programs which are financially viable, but which may have cash flow issues, for example, due to payor payment delays and such payment is in conjunction with the provisions provided in Section 7F herein.

D. use best efforts to retain the Wordsworth honorariums established for the Affiliation as described on Schedule 6D attached hereto and made a part hereof.

E. ensure that Wordsworth's current donor-restricted funds, as described on Schedule 6E attached hereto and made a part hereof, will be used solely to support Wordsworth, in a manner that is consistent with any applicable donor restrictions on such funds.

7. Chapter 11 Bankruptcy.

A. PHMC acknowledges that the Board of Directors of Wordsworth has determined (i) to seek a financial restructuring through a chapter 11 plan of reorganization (the

"Reorganization") pursuant to sections 1125, 1126 and 1145 of the Bankruptcy Code, 11 U.S.C. §§101 et seq., and (ii) to file a petition for Reorganization (the "Petition") with the United States Bankruptcy Court for the Eastern District of Pennsylvania (the "Bankruptcy Court") on or before June 30, 2017 with the intent to submit a full Plan of Reorganization (the "Plan") on or after June 30, 2017 which will incorporate the terms of this Agreement.

B. PHMC hereby consents to the filing of the Petition with the Bankruptcy Court.

C. As a condition precedent to consummate the Affiliation, the Plan and the Bankruptcy Court's Order confirming the Plan shall be acceptable to PHMC in PHMC's sole discretion. Without limiting the foregoing, the Parties acknowledge that, except to the extent expressly assumed by PHMC as part of the Plan, PHMC will require for its acceptance of any Plan the discharge of any and all prepetition unsecured claims associated with Wordsworth.

D. The Articles shall be filed with the Pennsylvania Department of State on the date on which all conditions to consummation of the Plan have been satisfied (or waived) (the "Plan Effective Date").

E. The Certificates shall be filed the Pennsylvania Department of State on the date immediately following on which all conditions to consummation of the Plan have been satisfied (or waived) (the "Plan Effective Date").

F. As of the Plan Effective Date, PHMC shall replace Wordsworth's line of credit in full so long as PHMC's bank has approved the replacement subject to adequate borrowing base certificate collateral.

G. As of the Plan Effective Date, PHMC shall obtain any necessary mortgage financing required to replace Wordsworth's current mortgage financing so long as PHMC's bank has approved the replacement subject to approved collateral to support the real estate mortgage requirements.

8. PHMC Warranties. PHMC represents and warrants to Wordsworth as follows:

A. PHMC is a nonprofit corporation duly organized, validly existing, in good standing and subsisting under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to carry on its activities and to execute, deliver and perform this Agreement and the transactions and Affiliation contemplated hereby. This Agreement has been duly authorized by proper corporate action of PHMC and constitutes the valid and binding obligation of PHMC, enforceable against PHMC in accordance with its terms.

B. PHMC is exempt from federal income taxes as a public charity under Sections 501(c)(3) and 509(a)(1) of the Code and is duly registered as a charitable organization with the Pennsylvania Department of State, Bureau of Corporations and Charitable Organizations. Such status is not currently subject to, and to the best of PHMC's knowledge is not threatened to be made subject to, any administrative or other proceeding by the Internal Revenue Service or any other governmental agency.

9. Wordsworth Warranties. As of the Effective Date, Wordsworth will provide to PHMC the representations and warranties attached hereto as Exhibit C, duly certified by authorized officers of Wordsworth. The authorized officers of Wordsworth shall sign and issue, without personal liability, a Certificate to PHMC certifying that the representations and warranties as contained in Exhibit C are, to the best of each said officer's knowledge, information and belief after reasonable inquiry, true and correct in all material respects.

10. PHMC Conditions Precedent to Closing. Notwithstanding anything herein to the contrary, the obligations of PHMC to consummate the Affiliation are subject to the fulfillment, on or prior to the Effective Date, of the following conditions precedent unless (but only to the extent) waived in writing by PHMC prior to the Effective Date:

A. Representations and Warranties. Wordsworth shall deliver Exhibit C to this Agreement duly executed by the Executive officers of Wordsworth. The representations and warranties of Wordsworth contained in Exhibit C shall be true and correct in all material respects as of the Effective Date.

B. Governmental Approvals. Except for any documents required to be filed, or consents, authorizations, orders, or approvals required to be issued after the Effective Date, all consents, authorizations, orders, and approvals of (or filings or registrations with) any Government Authority required in connection with the execution, delivery, and performance of this Agreement shall have been obtained or made by Wordsworth including but not limited to:

(i) the consents and/or notification letters from the contracting agencies disclosed on Schedule 9.B(ii)(b);

(ii) the No Objection Letter; and

(iii) if review of the Court of Common Pleas of Philadelphia County, Orphans' Court Division (the "**Orphans' Court**") is required by the PA AG, the issuance of an order by the Orphans' Court stating that the Affiliation would not constitute a diversion of the Wordsworth assets from the purposes for which they were donated, granted, or devised within the meaning of Section 5547(b) of the Pennsylvania Nonprofit Corporation Law of 1988, as amended (the "**Act**").

C. Resolutions. Wordsworth shall deliver certified Resolutions of the Wordsworth Board approving the Affiliation, this Agreement, and related documents.

D. No Change in Tax Status. Wordsworth shall have experienced no material adverse change in its financial condition or tax status, other than the filing of a Chapter 11 bankruptcy proceeding.

E. Plan of Reorganization and Order Confirming the Plan. The Plan and the Bankruptcy Court's Order confirming the Plan shall be acceptable to PHMC.

11. Wordsworth Conditions Precedent to Closing. Notwithstanding anything herein to the contrary, the obligations of Wordsworth to consummate the Affiliation are subject to the

fulfillment, on or prior to the Effective Date, of the following conditions precedent unless (but only to the extent) waived in writing by Wordsworth prior to the Effective Date:

A. Representations and Warranties. The representations and warranties of PHMC contained in this Agreement shall be true and correct in all material respects as of the Execution Date and Effective Date.

B. Resolutions. PHMC shall deliver to Wordsworth a certified Resolution of its Board of Directors approving the Affiliation, this Agreement and related documents.

C. No Change in Tax Status. PHMC shall have experienced no material adverse change in its tax status.

D. Replacement of Line of Credit. As of the Plan Effective Date, PHMC shall replace Wordsworth's current M & T Bank line of credit in full.

E. Replacement of Mortgage Financing. As of the Plan Effective Date, PHMC shall obtain any necessary mortgage financing required to replace Wordsworth's current mortgage financing.

12. Mutual Covenants; Indemnification; Confidentiality; Termination.

A. Operations. Wordsworth and PHMC each covenant and agree that, during the period from the Execution Date to the Effective Date each will:

(i) continue to carry out its charitable operations in the ordinary course and in accordance with its articles of incorporation, bylaws, and applicable laws and regulations; provided, however, that: (A) Wordsworth may file as the debtor in a Chapter 11 bankruptcy proceeding prior to the Effective Date; (B) if an action conducted in the ordinary course of Wordsworth's charitable operations conflicts with any provision of the Management Agreement or this Agreement other than this Section 11.A (such a provision, a "**Conflicting Provision**"), Wordsworth shall act in accordance with the Conflicting Provision, (C) Wordsworth shall not enter into any agreement, contract, or commitment, written or oral, pursuant to which Wordsworth will be a party or by which Wordsworth will be bound after the Effective Date, without the prior written notice to PHMC, and (D) Wordsworth will not sell, transfer, or assign any Program assets or incur any debt without prior written approval of PHMC;

(ii) obtain the approval of the other Party before issuing any press release regarding the Affiliation; and

(iii) in good faith use all reasonable efforts to obtain satisfaction of conditions to closing as provided for in Sections 10 and 11 of this Agreement.

B. Indemnification.

(i) Each Party shall defend, indemnify, and hold wholly harmless the other Party, its officers, directors, employees, agents, or independent contractors, from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal), and expenses (including, without limitation, reasonable attorneys' fees

and fees of expert consultants and witnesses) that such Party incurs as a result of, or with respect to any misrepresentation or breach of warranty by such Party under this Agreement or any material breach by such Party of, or any failure by the Party to perform, any covenant or agreement of, or required to be performed by, such Party under this Agreement.

(ii) Each party shall defend, indemnify, and hold wholly harmless the other party, its officers, directors, employees, agents, or independent contractors, from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal), and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) that the party to be indemnified incurs which relate to or arise out of negligent or willful misconduct, breach of agreement, or omissions attributable to the other party prior to the Effective Date.

C. Confidentiality.

(a) Each Party agrees that both prior and subsequent to the Effective Date, or in the event the Affiliation is terminated in accordance with Section 12.D, it will maintain the confidentiality of all confidential information, documents, or instruments delivered to it by the other Party hereto or its agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions, and covenants hereof (the "**Confidential Information**") and will only disclose such Confidential Information to its duly authorized officers, members, directors, representatives, and agents (including consultants, attorneys, and accountants of each Party) and applicable Governmental Authorities in connection with any required notification or application for approval or exemption therefrom.

(b) Each Party hereto agrees that if the transactions contemplated hereby are not consummated, it will return all Confidential Information to the other Party or destroy such Confidential Information at the other parties' direction.

(c) Each Party hereto recognizes that any breach of this Section 12.C would result in irreparable harm to the other Party and that such Party shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash, or otherwise, in addition to all of its other legal and equitable remedies.

(d) Nothing in this Section 11.C, however, shall prohibit the use of such Confidential Information for such governmental filings as in the opinion of a Party's counsel are required by law or are otherwise required to be disclosed pursuant to applicable state or federal law.

D. Termination Prior to the Effective Date. This Agreement shall terminate and cease to be effective with respect to the Parties if, prior to the Effective Date:

(i) the Affiliation jeopardizes the tax-exempt status, reputation, property, or financing (or interest on income thereon) of PHMC or Wordsworth, as determined in such Party's sole discretion;

(ii) if the Orphans' Court refuses to approve the Affiliation or otherwise issues an order stating that the Affiliation would constitute a diversion of the Wordsworth assets from the purposes for which they were donated, granted, or devised within the meaning of Section 5547(b) of the Act;

(iii) without the consent of the other Party, a receiver, liquidator, or trustee of either Party is appointed by court order;

(iv) without the consent of the other Party, either Party is adjudicated bankrupt or insolvent;

(v) without the consent of the other Party, the property of either Party is sequestered by a court order;

(vi) without the consent of the other Party, a voluntary petition is filed with respect to either Party under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction;

(vii) the proposed Affiliation is deemed illegal;

(viii) without the consent of the other Party, either Party makes an assignment for the benefit of its creditors; or

(ix) any Party shall elect to terminate the Management Agreement prior to the Plan Effective Date.

13. No Assumption of Liabilities. The Affiliation provided for in this Agreement extends only to the establishment of PHMC as Wordsworth's sole member, with each Party retaining its corporate identity. Neither Party is assuming or intends to assume any of the liabilities or obligations of the other under any circumstances, and no such assumption of liability shall be implied.

14. Further Assurances and Cooperation. Each Party shall take such action, execute and deliver such documents and provide such cooperation as the other may reasonably request to effectuate the terms of this Agreement and the transactions contemplated hereby, with the least disruption to the business and affairs of the Parties reasonably practicable.

15. Survival.

A. Representations and Warranties. All representations and warranties made in this Agreement shall survive the consummation of the transactions provided for in this Agreement. Each representation and warranty contained herein is independent of all other representations and warranties contained herein and must be independently and separately complied with and satisfied. Exceptions or qualifications to any representations and warranties contained herein shall not be construed as exceptions or qualifications to any other representation or warranty. No representation or warranty shall be deemed to have been waived, affected, or impaired by any investigation made by any Party to this Agreement, provided that no Party shall claim a breach of representation or warranty by the other Party if

the claiming Party had actual knowledge of the facts constituting the breach as of the date of this Agreement.

B. Survival Upon Termination. Sections 12.B, 12.C, 13, 15, 18, 19, 20, and 21 shall survive the termination of this Agreement.

16. General Terms.

A. The paragraph headings of this Agreement are for convenience of reference only and do not form a part of the terms and conditions of this Agreement or give full notice thereof.

B. Neither Party may assign or transfer all or any portion of this Agreement, voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of the other Party, and any attempted assignment or transfer to the contrary shall be null and void and have no effect.

17. Entire Agreement. This Agreement contains the entire understanding between the Parties with respect to the subject matter hereof, and may not be amended or modified in any manner except by a written agreement, duly executed by the Party to be charged.

18. Notices. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving Party's address set forth below or to such other address as a Party may designate by notice hereunder, and shall be delivered (i) by hand, (ii) by a nationally recognized overnight courier, or (iii) by first class mail or by registered or certified mail, return receipt requested, postage prepaid.

If to PHMC: Public Health Management Corporation
Centre Square East
1500 Market Street
Philadelphia, PA 19102
Attention: Jill Schulson, Esq.

If Wordsworth: Wordsworth Academy
3300 Henry Avenue
Philadelphia, PA 19129
Attention: Don Stewart

All notices, requests, consents and other communications hereunder shall be deemed to have been given upon receipt, except that if sent by certified or registered mail the date of delivery shall be the date of delivery specified on the receipt.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to principles of conflict of laws.

20. Severability. Any term or provision of this Agreement that is invalid or unenforceable shall be ineffective to the extent of such invalidity or unenforceability without

rendering invalid or unenforceable the remaining terms and provisions of this Agreement. In all such cases, the Parties shall use their commercially reasonable efforts to substitute a valid, legal and enforceable provision that, insofar as practicable, implements the original purposes and intents of this Agreement.

21. No Third Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a Party to this Agreement.

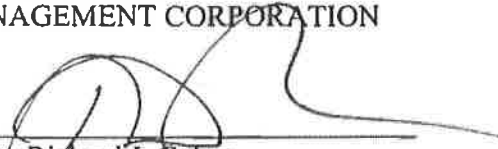
22. Counterparts; Delivery by Facsimile. This Agreement may be executed in counterparts and by each Party hereto on a separate counterpart, both of which when so executed shall be deemed to be an original and both of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

23. Brokerage. Each Party represents and warrants to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Agreement and shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

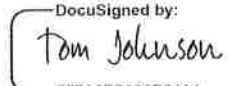
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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

PUBLIC HEALTH
MANAGEMENT CORPORATION

By: 
Name: Richard J. Cohen
Title: President
Date: 6/26/17

WORDSWORTH ACADEMY

By: 
Name: Thomas Johnson
Title: Chairperson
Date: 6/27/2017

Schedules:

Schedule 6D: **Honorarium**
Schedule 6E: **Restricted Funds**

Exhibits:

Exhibit A: **Amended and Restated Articles of Incorporation of Wordsworth Academy**

Exhibit B: **By-laws of Wordsworth Academy**

Exhibit C: **Amended and Restated Certificates of Organization of Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC**

Exhibit D: **Amended and Restated Operating Agreements of Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC**

Exhibit E: **Certificate of Representations and Warranties of Wordsworth**

SCHEDULE 6D

Honorarium

1. The Fort Washington campus shall continue in honorarium to be called the "Gerald Schatz Education Center" in name and signage so long as the campus is used for educational purposes.

SCHEDULE 6E

Restricted Funds

None.

EXHIBIT A

Amended and Restated Articles of Incorporation

PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS
ARTICLES OF AMENDMENT- DOMESTIC CORPORATION
(15 Pa.C.S.)

NONPROFIT CORPORATION (§ 5915)

In compliance with the requirements of the applicable provisions (relating to articles of amendment), the undersigned, desiring to amend its articles, hereby states that:

1. The name of the Corporation is: Wordsworth Academy.
2. The address of the Corporation's current registered office in this Commonwealth is 2001 Pennsylvania Avenue, Fort Washington, Montgomery County PA.
3. The statute by or under which the Corporation was incorporated was the Pennsylvania Nonprofit Corporation Law of 1933, P.L. 289, as amended, and these Amended and Restated Articles of Incorporation ("Amended & Restated Articles") conform with the requirements of the Pennsylvania Nonprofit Corporation Law of 1988.
4. The Corporation was incorporated by Decree of the Department of State on: August 3, 1970.
5. These Amended & Restated Articles shall be effective upon filing.
6. These Amended & Restated Articles supersede the Corporation's original Articles of Incorporation and all amendments thereto.
7. These Amended & Restated Articles were adopted by the Corporation's Board of Directors pursuant to 15 Pa. C.S. § 5914(b).
8. The Corporation is organized exclusively for charitable, educational, religious, or scientific purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code") (or corresponding section of any future Federal tax code.)
9. Notwithstanding any other provision of these Amended & Restated Articles, the powers and activities of the Corporation shall be subject to the following restrictions and limitations:

A. The Corporation shall not carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501(a) of the Code and described in Section 501(c)(3) of the Code, or by an organization described under Section 170(c)(2) of the Code, contributions to which are deductible under Sections 170(a), 2055(a)(2), and 2522(a)(2) of the Code, nor shall the Corporation engage in any year in which it may be a "private foundation," as defined in Section 509 of the Code, in any act prohibited by Section 4941(d) or 4943(c) of the Code, or do any act, or fail to do any acts, that will result in the imposition of tax on the Corporation under Sections 4942, 4944, or 4945 of the Code.

B. The Corporation is not authorized to conduct the affairs of the Corporation in any manner or for any purpose that would cause the Corporation to lose its tax-exempt status under the provisions of the Code.

C. No part of the net earnings of this Corporation shall ever inure to the benefit of, or be distributable to, any of its members, directors, or officers or any other private person, except that reasonable compensation may be paid for services rendered to or for the Corporation in carrying out its purposes.

D. Except as authorized by Section 501(h) of the Code and a proper election filed thereunder, no substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, whether by the publication or distribution of statements or otherwise.

10. The term for which the Corporation is to exist is perpetual.

11. The Corporation is organized on a non-stock basis.

12. The Corporation shall have one member, which shall be Public Health Management Corporation, a Pennsylvania nonprofit corporation.

13. Upon dissolution of this Corporation, the Corporation's assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, i.e., charitable, educational, religious, or scientific or corresponding section of any future federal tax code, or shall be distributed to the Federal government, or to a state or local government for a public purpose.

14. These Articles may be amended as provided in the Bylaws of the Corporation. The ByLaws shall govern the operation of this Corporation unless any ByLaw conflicts with these Articles of Incorporation, in which case the Articles of Incorporation shall be controlling.

IN TESTIMONY WHEREOF, the undersigned Corporation has caused these Amended and Restated Articles of Incorporation to be signed by a duly authorized officer thereof this day of
, 2017.

6/27/2017

WORDSWORTH ACADEMY

DocuSigned by:

Tom Johnson

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[NAME], [TITLE]

EXHIBIT B

By-laws

**BYLAWS
OF
WORDSWORTH ACADEMY
A Pennsylvania Nonprofit Corporation**

ARTICLE 1- DEFINITIONS

Section 1.1. Definitions.

The following terms used in these Bylaws shall have the meanings set forth below:

- A. "Act" means the Pennsylvania Nonprofit Corporation Law of 1988, as amended.
- B. "Board" means the Board of Trustees of the Corporation.
- C. "Code" means the Internal Revenue Code of 1986, as amended.
- D. "Corporation" means Wordsworth Academy.
- E. "Member" means Public Health Management Corporation.
- F. "Trustee" means an individual serving on the Board who fulfills the duties of a director under the Act.

ARTICLE 2 – PURPOSES

Section 2.1. Purposes.

The purposes of the Corporation are set forth in its Articles of Incorporation.

ARTICLE 3 - OFFICES

Section 3.1. Offices.

The registered office of the Corporation shall be located in Pennsylvania. The Corporation may have any number of other offices at such places as the Board may determine.

ARTICLE 4 - SEAL

Section 4.1. Seal.

The Corporation may use a Corporate Seal. The Corporate Seal shall bear the name of the Corporation, the year of its incorporation and the words "Corporate Seal, Pennsylvania".

ARTICLE 5 - MEMBER

Section 5.1. Classes.

The Corporation shall have one (1) class of Member.

Section 5.2. Sole Member.

The Corporation shall have one (1) Member. The sole Member shall be Public Health Management Corporation, a tax-exempt organization under Section 501(c)(3) and 509(a)(1) or 509(a)(2) of the Code. In the event that the sole Member at any time ceases to be a tax-exempt organization, the Member shall designate a substitute tax-exempt organization under Section 501(c)(3) and 509(a)(1) or 509(a)(2) of the Code within sixty (60) days of the change of a tax-exempt designation.

Section 5.3. Voting Rights.

The Member shall be entitled to one (1) membership vote. Except as otherwise provided in these Bylaws, the Member shall exercise its voting and other rights as a Member through its President, or by a representative authorized by its President to act on behalf of the Member, following approval of the Board of Directors of the Member.

Section 5.4. No Dues and Assessments.

There shall be no initiation fees, dues, or assessments of any kind payable by the Member.

Section 5.5. Nontransferable.

Membership in the Corporation is not transferable.

Section 5.6. Reserved Powers of Member.

In addition to the rights accorded to the Member pursuant to Sections 7.3, 7.5, and 7.6 of these Bylaws, the approval of the Member shall be required for any of the following actions by the Corporation (each, a "Reserved Power"):

- (a) amendment to the Corporation's Articles of Incorporation or Bylaws;
- (b) substantial changes to the charitable and educational mission of the Corporation;
- (c) the authorization of a plan of voluntary dissolution or division or the revocation of a plan of dissolution or division previously approved by the Member;
- (d) the adoption of an agreement or plan of merger;
- (e) the sale, lease, or exchange of all or substantially all of the Corporation's assets;
- (f) the formation of a subsidiary of the Corporation;

- (g) the creation of additional classes of membership in the Corporation or the admission of additional members of the Corporation, except as provided above;
- (h) the approval of the annual budget of the Corporation;
- (i) the approval of the tax and/or regulatory filings of the Corporation;
- (j) the approval of the reviewed or audited financial statements of the Corporation;
- (k) the approval of expenditures in excess of a ten percent (10%) variance in the total annual budget;
- (l) major strategic decisions; and
- (m) the approval of significant material contracts.

ARTICLE 6 - MEETINGS OF MEMBER

Section 6.1. Consent of Member in Lieu of Meeting.

Any action required or permitted to be taken at a meeting of the Member may be taken without a meeting by written consent of the Member in record form. The written consent shall set forth the action so taken and must be filed with the minutes of the proceedings of the Member.

Section 6.2. Annual Meeting.

The annual meeting of the Member, for the appointment of Trustees and the transaction of any other business which may be brought before the meeting, shall be held not more than one hundred and twenty (120) days after the end of the Corporation's fiscal year, the date to be determined by the Member.

Section 6.3. Special Meetings of Member.

Special meetings of the Member may be called at any time by the President, the Board, or the Member. Upon written request of any person entitled to call a special meeting, the Secretary shall: (a) fix the date and time of the meeting, which shall be held not more than sixty (60) days after receipt of the request; and (b) give notice to the Member. If the Secretary neglects or refuses to fix the meeting date or give notice within thirty (30) days after receipt of the written request for the special meeting, the person or persons calling the meeting may do so.

Section 6.4. Notice of Meetings of Member.

Written notice of every meeting of the Member shall be given by, or at the direction of, the Secretary to the Member at least five (5) days prior to the date of the meeting, unless a greater period of notice is required by the Act in a particular case. In the case of special meetings of the Member, the notice shall specify the general nature of the business to be transacted.

ARTICLE 7 - BOARD OF TRUSTEES

Section 7.1. Board of Trustees.

The business and affairs of the Corporation shall be managed under the direction of the Board. The powers of the Corporation shall be exercised by, or under the authority of, the Board except as otherwise provided by statute, the Articles of Incorporation, these Bylaws, or a resolution adopted by the Board. The members of the Board shall be relieved of liability imposed upon members of boards of directors by law for managerial acts or omissions with respect to any recommendation of the Board with respect to which the Member has a Reserved Power and the recommendation of the Board is not consented to or approved by the Member.

Section 7.2. Qualifications of Trustees.

Each Trustee shall be a natural person at least eighteen (18) years of age who need not be a resident of Pennsylvania.

Section 7.3. Number and Election of Trustees.

The Board shall consist of a minimum of five (5) Trustees and a maximum of twenty-one (21) Trustees and shall be appointed by the Member at its annual meeting; *provided, however*, that during the two (2) year period following the effective date of the Affiliation Agreement (the "Effective Date") between the Corporation and the Member (the "Post-Effective Date Period"), the Board shall consist of: (a) three (3) Trustees who shall be elected jointly by the Board and the Member, with such election effective as of the Effective Date; and (b) nine (9) Trustees appointed by the Member (the "Member-Appointed Trustees"), with such appointment effective as of the Effective Date.

Section 7.4. Term of Office.

Each Trustee shall hold office until: (a) the expiration of the term for which he or she was appointed and until his or her successor has been appointed and qualified; or (b) his or her earlier death, resignation, or removal. Following the conclusion of the Post-Effective Date Period, the Trustees shall be elected for terms of two (2) years; *provided, however*, that no Trustee shall serve more than four (4) consecutive terms.

Section 7.5. Vacancies.

Vacancies in the Board, including vacancies resulting from: (a) an increase in the number of Trustees; or (b) the death, resignation, or removal of a Trustee, shall be filled by the Member at any time; *provided, however*, that during the Post-Effective Date Period, any vacancy occurring among the Trustees who were elected jointly by the Board and the Member shall be filled by a person selected jointly by the Board and the Member. Each person so appointed to fill a vacancy shall be a Trustee to serve for the balance of the term of the vacant position.

Section 7.6. Removal of Trustees.

Except during the Post-Effective Date Period, any Trustee may be removed from office, without assigning any cause, by the Member at any time. If any Trustee is removed, the resulting vacancy may be filled immediately by the Member.

Section 7.7. Resignations.

Any Trustee may resign at any time by giving written notice to the Secretary. The resignation shall be effective upon receipt by the Secretary or at such subsequent time as may be specified in the notice of resignation.

Section 7.8. Compensation of Trustees.

Members of the Board are volunteering their time and talents and shall serve without monetary compensation. A Trustee may also be a salaried employee or agent of the Corporation. The Board may authorize the advance or reimbursement to a Trustee of actual reasonable expenses incurred in carrying out his or her duties as a Trustee.

Section 7.9. Voting Rights.

Each Trustee shall be entitled to one (1) vote.

ARTICLE 8 - COMMITTEES

Section 8.1. Establishment and Powers.

The Board may, by resolution adopted by a majority of the Trustees, establish one (1) or more committees to consist of one (1) or more Trustees of the Corporation. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all of the powers and authority of the Board, except that no committee, including the Executive Committee shall have any power or authority as to the following:

- (a) the submission to the Member of any action requiring approval of the Member under the Act;
- (b) the filling of vacancies in the Board;
- (c) the adoption, amendment, or repeal of the Bylaws;
- (d) the amendment or repeal of any resolution of the Board; or
- (e) action on matters committed by the Bylaws or by resolution of the Board to another committee of the Board.

Section 8.2. Status of Committee Action.

Except as otherwise provided in Section 8.1, the term "Board of Trustees" or "Board," when used in any provision of these Bylaws relating to organization or procedures of or the manner of taking action by the Board, shall be construed to include and refer to any Executive Committee or other committee of the Board, and any provision of these Bylaws relating or referring to action to be taken by the Board or the procedure required therefor shall be satisfied

by the taking of corresponding action by a committee of the Board to the extent authority to take the action has been delegated to the committee.

Section 8.3. Term.

Each committee of the Board shall serve at the pleasure of the Board.

Section 8.4. Committee Organization.

Except as otherwise provided by the Board, each committee shall be chaired by a Trustee and shall establish its own operating procedures. Each committee shall keep regular minutes of its proceedings and report the same to the Board at each regular meeting. Each committee shall determine its times and places of meetings.

Section 8.5. Executive Committee.

The Executive Committee shall be composed of the officers of the Corporation; *provided, however,* that during the Post-Effective Date Period, the Executive Committee shall be composed of a majority of Member-Appointed Trustees. During the Post-Effective Date Period, the Executive Committee shall be authorized to act for the Board between its regular meetings with respect to any matters requiring immediate action. After the Post-Effective Date Period, except as otherwise provided by these Bylaws or by resolution of the Board, the Executive Committee shall have and may exercise all of the powers and authority of the Board in the management of the Corporation.

ARTICLE 9 - MEETINGS OF TRUSTEES

Section 9.1. Place of Meetings.

The Board may hold its meetings at such places as the Board may appoint or as may be designated in the notice of the meeting.

Section 9.2. Annual Meeting.

Unless the Board provides by resolution for a different time, the annual meeting of the Board shall take place immediately after the annual meeting of the Member. The newly constituted Board shall meet at any place and time designated in a notice given as provided in Section 11.1, for the purposes of organization, election of officers, and the transaction of other business.

Section 9.3. Regular Meetings.

The Board may hold its regular meetings, which shall occur at least four times per year, at such place and time as shall be designated by resolution of the Board. If the date fixed for any regular meeting is a legal holiday under the laws of Pennsylvania, the meeting shall be held on the next succeeding business day or at such other time as may be determined by resolution of the

Board. The Board shall transact such business as may properly be brought before its meetings. Notice of regular meetings need not be given.

Section 9.4. Special Meetings of the Board.

The President, any two (2) Trustees, or the Member may call special meetings of the Board which shall be held at such time and place as shall be designated in the call for the meeting. Five (5) days' notice of any special meeting shall be given to each Trustee pursuant to Section 11.1 or by telephone. Such notice shall state the time and place of such special meeting but need not state the purpose of the special meeting.

Section 9.5. Quorum.

A majority of Trustees shall constitute a quorum for the transaction of business. The acts of a majority of the Trustees present and voting at a meeting at which a quorum is present shall be the acts of the Board.

Section 9.6. Participation in Meetings.

One (1) or more Trustees may participate in a meeting of the Board or a committee thereof by means of conference telephone or other electronic technology by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at the meeting.

Section 9.7. Organization.

Every meeting of the Board shall be presided over by the President, or in the absence of the President, the Vice President, or in the absence of the President and the Vice President, a chair chosen by a majority of the Trustees present. The Secretary, or in his or her absence, a person appointed by the chair, shall act as secretary.

Section 9.8. Consent of Trustees in Lieu of Meeting.

Any action required or permitted to be approved at a meeting of the Trustees may be approved without a meeting, if a consent or consents to the action in record form are signed, before, on, or after the effective date of the action, by all Trustees in office on the date the last consent is signed. The consent or consents must be filed with the Secretary of the Corporation.

ARTICLE 10 – OFFICERS

Section 10.1. Number.

The Officers of the Corporation shall include a President, a Secretary, and a Treasurer. The Officers may include one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as the Board may determine by resolution. The same person may hold any number of offices.

Section 10.2. Qualifications of Officers.

The Officers shall be natural persons at least eighteen (18) years of age who are Trustees.

Section 10.3. Election and Term of Office.

The Officers of the Corporation shall be elected by the Board at any meeting of the Board for terms of two (2) years; *provided, however*, that no Officer shall serve more than four (4) consecutive terms. Each Officer shall hold office until: (a) the later of the term for which he or she was elected or until his or her successor has been elected and qualified; or (b) until his or her earlier death, resignation, or removal.

Section 10.4. Removal of Officers.

The Board may remove any Officer, without assigning any cause, whenever in its judgment the best interests of the Corporation will be served.

Section 10.5. Vacancies.

Vacancies in Officer positions resulting from: (a) the creation of additional Officer positions; or (b) the death, resignation, or removal of an Officer, shall be filled by a majority vote of the Trustees, though less than a quorum. Each person so elected shall be an Officer to serve for the balance of the term.

Section 10.6. Resignations.

Any officer may resign at any time by giving written notice to the Secretary. The resignation shall be effective upon receipt by the Secretary or at such subsequent time as may be specified in the notice of resignation.

Section 10.7. The President.

The President shall have general supervision over the business and operations of the Corporation, subject to the control of the Board. The President shall chair all meetings of the Board, the Executive Committee, and the Member. The President shall execute in the name of the Corporation, deeds, mortgages, bonds, contracts, and other instruments authorized by the Board, except in cases where the execution thereof shall be expressly delegated by the Board to some other Officer or agent of the Corporation. In general, the President shall perform all duties incident to the office of President, as specified by the Act, and such other duties as may be assigned by the Board.

Section 10.8. Vice Presidents.

In the absence or disability of the President or when so directed by the President, any Vice President may perform all the duties of the President, and, when so acting, shall have all the

powers of, and be subject to all the restrictions upon, the President. Each Vice President shall perform such other duties as may be assigned by the Board or the President.

Section 10.9. The Secretary.

The Secretary shall attend all meetings of the Board and of the Member. The Secretary shall record all votes of the Board and of the Member and the minutes of the meetings of the Board and of the Member in a book or books to be kept for that purpose. The Secretary shall see that required notices of meetings of the Board and of the Member are given and that all records and reports are properly kept and filed by the Corporation. The Secretary shall be the custodian of the seal of the Corporation and shall see that it is affixed to all documents to be executed on behalf of the Corporation under its seal. In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as may be assigned by the Board or the President.

Section 10.10. Assistant Secretaries.

In the absence or disability of the Secretary, or when so directed by the Secretary, any Assistant Secretary may perform all the duties of the Secretary, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary. Each Assistant Secretary shall perform such other duties as may be assigned by the Board, the President, or the Secretary.

Section 10.11. The Treasurer.

The Treasurer shall be responsible for corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The Treasurer shall have full authority to receive and give receipts for all money due and payable to the Corporation, and to endorse checks, drafts, and warrants in its name and on its behalf and to give full discharge for the same. The Treasurer shall deposit all funds of the Corporation, except such as may be required for current use, in such banks or other places of deposit as the Board may designate. In general, the Treasurer shall perform all duties incident to the office of Treasurer and such other duties as may be assigned by the Board or the President.

Section 10.12. Assistant Treasurers.

In the absence or disability of the Treasurer, or when so directed by the Treasurer, any Assistant Treasurer may perform all the duties of the Treasurer, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer. Each Assistant Treasurer shall perform such other duties as may be assigned by the Board, the President, or the Treasurer.

Section 10.13. Compensation of Officers.

The Officers of the Corporation are volunteering their time and talents and will serve without monetary compensation. The Board may authorize the advance or reimbursement to an Officer of actual reasonable expenses incurred in carrying out his or her duties as an Officer.

ARTICLE 11 - NOTICE

Section 11.1. Written Notice.

Any notice required to be given to any person shall be given to the person, either personally or by sending a copy thereof:

- (a) By first class or express mail, postage prepaid, or courier service, charges prepaid, to the person's postal address appearing on the books of the Corporation or, in the case of Trustees, supplied by the person to the Corporation for the purposes of notice. Notice under this subparagraph shall be deemed to have been given when deposited in the United States mail or with a courier service for delivery to that person.
- (b) By facsimile transmission, e-mail, or other electronic communication to the person's facsimile number or address for e-mail or other electronic communications supplied by the person to the Corporation for the purpose of notice. Notice under this subparagraph shall be deemed to have been given to the person entitled thereto when sent.

A notice of meeting shall specify the day, hour, and geographic location, if any, of the meeting and any other information required by the Act. Except as otherwise provided by the Act or these Bylaws, when a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting, or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

Section 11.2. Waiver by Writing.

Whenever any notice is required to be given, a waiver thereof that is filed with the Secretary of the Corporation in record form, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Neither the business to be transacted at, nor the purpose of, a meeting need be specified in the waiver of notice of the meeting.

Section 11.3. Waiver by Attendance.

Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE 12 – CONFLICTS OF INTEREST

Section 12.1. Interested Trustees and Officers.

A contract or transaction between the Corporation and the Member, Trustees, or Officers or between the Corporation and another domestic or foreign corporation for profit or not for profit, partnership, joint venture, trust, or other association in which one (1) or more of its directors, trustees, or officers are Trustees or Officers, or have a financial or other interest, shall not be void or voidable solely for that reason, or solely because the Member, Trustee, or officer is present at or participates in the meeting of the Board or the Member that authorizes the contract or transaction, or solely because the vote of the Member, Trustee, or Officer is counted for that purpose, if:

- (a) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board and the Board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Trustees even though the disinterested Trustees are less than a quorum;
- (b) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Member entitled to vote thereon, if any, and the contract or transaction is specifically approved in good faith by vote of the disinterested Member or Member; or
- (c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved, or ratified by the Board or the Member.

Common or interested Trustees or the Member may be counted in determining the presence of a quorum at a meeting of the Board or the Member that authorizes the contract or transaction.

ARTICLE 13 - LIMITATION OF LIABILITY; INSURANCE

Section 13.1. Limitation of Liability of Trustees.

A Trustee shall not be personally liable, as such, for monetary damages for any action taken or any failure to take any action as a Trustee unless:

- (a) The Trustee has breached or failed to perform the duties of his or her office under Subchapter B of Chapter 57 of the Act; and
- (b) The breach or failure to perform constitutes self-dealing, willful misconduct, or recklessness.

This Section shall not apply to (1) the responsibility or liability of a Trustee pursuant to any criminal statute, or (2) the liability of a Trustee for the payment of taxes pursuant to federal, state, or local law. Any repeal or amendment of this Section shall be prospective only and shall not increase, but may decrease, a Trustee's liability with respect to actions or failures to act occurring prior to such change.

Section 13.2. Insurance.

The Corporation shall purchase and maintain insurance on behalf of any person who is or was a Trustee or Officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against that liability under the Act. The Corporation's payment of premiums with respect to such insurance coverage shall be provided primarily for the benefit of the Corporation. To the extent that such insurance coverage provides a benefit to the insured person, the Corporation's payment of premiums with respect to such insurance shall be provided in exchange for the services rendered by the insured person and in a manner so as not to constitute an excess benefit transaction under section 4958 of the Internal Revenue Code of 1986, as amended.

ARTICLE 14 - INDEMNIFICATION

Section 14.1. Representative Defined.

For purposes of this Article, "representative" means any Trustee or Officer of the Corporation or a person serving at the request of the Corporation as a director, officer, partner, fiduciary, or trustee of another domestic or foreign corporation for profit or not-for-profit partnership, joint venture, trust, or other enterprise.

Section 14.2. Third-Party Actions and Derivative Actions.

The Corporation is required to indemnify any representative against expenses (including attorneys' fees) actually and reasonably incurred if the representative is successful on the merits or otherwise in defense of any third party or derivative action or proceeding or in defense of any claim, issue, or matter therein.

The Corporation shall indemnify any Trustee, Officer, employee, or agent of the Corporation who was or is a representative of the Corporation and who was or is a party (which includes giving testimony or similar involvement) or is threatened to be made a party to any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative, formal or informal (including an action or proceeding by or in the right of the Corporation), by reason of the fact that he or she was or is a representative of the Corporation, against expenses (including reasonable attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action or proceeding if: (a) the representative acted in good faith and in a manner reasonably believed to be in the best interests of the Corporation; and (b) with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful. If a representative is not entitled to indemnification for a portion of any liabilities to which he or she may be subject, the Corporation shall indemnify him or her to the maximum extent for the remaining portion of the liabilities.

Section 14.3. Advancing Expenses.

The Corporation shall pay expenses (including attorneys' fees) actually and reasonably incurred in defending any action or proceeding referred to in Section 14.2 in advance of the final disposition of the action or proceeding upon receipt of any undertaking by or on behalf of the representative to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article or otherwise.

Section 14.4. Supplementary Coverage.

The indemnification and advancement of expenses provided by or granted pursuant to this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the Act, or any bylaw, agreement, vote of the Member or disinterested Trustees, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding that office. The provisions of these Bylaws relating to Conflicts of Interest shall be applicable to any bylaw, contract, or transaction authorized by the Trustees under this Article.

Section 14.5. Prohibited Indemnification.

No indemnification may be made by the Corporation under this Article or otherwise to or on behalf of any person to the extent that:

- (a) The act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted self-dealing, willful misconduct, or recklessness; or
- (b) The Board determines that under the circumstances indemnification would constitute an excess benefit transaction under section 4958 of the Internal Revenue Code of 1986, as amended.

Section 14.6. Duration and Extent of Coverage.

The indemnification and advancement of expenses provided by or granted pursuant to this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of that person.

Section 14.7. Reliance and Modification.

Each person who shall act as a representative of the Corporation shall be deemed to be doing so in reliance upon the rights provided by this Article. The duties of the Corporation to indemnify and to advance expenses to a representative provided in this Article shall be in the nature of a contract between the Corporation and the representative. No amendment or repeal of any provision of this Article shall alter, to the detriment of the representative, his or her right to the advance of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment or repeal.

ARTICLE 15 – ANNUAL REPORT

Section 15.1. Annual Report.

The Board shall present annually to the Member a report (the "Annual Report"), verified by the President and Treasurer or by a majority of the Board, showing in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year immediately preceding the date of the report;
- (b) The principal changes in assets and liabilities, including the trust funds, during the year immediately preceding the date of the report;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Corporation;
- (d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Corporation; and
- (e) The number of Members of the Corporation as of the date of the report, together with a statement of increase or decrease in such number during the year immediately preceding the date of the report, and a statement of the place where the names and addresses of the current Member may be found.

The annual report of the Board shall be filed with the minutes of the meetings of the Member.

ARTICLE 16 – TRANSACTION OF BUSINESS

Section 16.1. Real Property.

The consent of the Member shall not be required for the Corporation to make a purchase of real property or to sell, mortgage, lease away or otherwise dispose of its real property. If the real property is subject to a trust, the conveyance away shall be free of trust and the trust shall be impinged upon the proceeds of such conveyance.

Section 16.2. Negotiable Instruments.

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers as the Board may designate.

ARTICLE 17 – CORPORATE RECORDS

Section 17.1. Corporate Records.

The Corporation shall keep: (a) an original or duplicate record of the proceedings of the Board and committees of the Board; (b) the original or a copy of its Bylaws, including all amendments thereto to date, certified by the Secretary of the Corporation; (c) an original or a duplicate Membership register showing the name of the Member and their respective address; (d) a list of the names and business addresses of its current Board and Officers; (e) a copy of the most recent annual reports delivered to state and federal officials; and (f) appropriate, complete, and accurate books or records of account, at its registered office or at its principal place of business.

Section 17.2. Transparency.

The Corporation shall ensure that its IRS Form 990, annual reports, and financial statements are complete and accurate and are posted to the Corporation's website or otherwise made available to the public.

ARTICLE 18 – AMENDMENTS

Section 18.1. Amendments.

Except as otherwise provided by the Act, the Bylaws of the Corporation may be amended by the Member at any meeting after notice of such purpose has been given.

Adopted:

Exhibit C

Amended and Restated Certificates of Organization

Exhibit to Amended and Wordsworth CUA 5, LLC

1. Article 1 of the Certificate of Organization of Wordsworth CUA 5, LLC shall be amended and restated in its entirety to read as follows:
The name of the limited liability company is Turning Points for Children CUA 5, LLC.
2. Article 2 of the Certificate of Organization of Wordsworth CUA 5, LLC shall be amended and restated in its entirety to read as follows:
The address of the limited liability company's registered office in this Commonwealth is: c/o Turning Points for Children, 415 South 15th Street, Philadelphia, PA 19146. The county of venue is: Philadelphia.

Wordsworth CUA 10, LLC

1. Article 1 of the Certificate of Organization of Wordsworth CUA 10, LLC shall be amended and restated in its entirety to read as follows:
The name of the limited liability company is Turning Points for Children CUA 10, LLC.
2. Article 2 of the Certificate of Organization of Wordsworth CUA 10, LLC shall be amended and restated in its entirety to read as follows:
The address of the limited liability company's registered office in this Commonwealth is: c/o Turning Points for Children, 415 South 15th Street, Philadelphia, PA 19146. The county of venue is: Philadelphia.

Exhibit D

**Operating Agreements of Wordsworth CUA 5, LLC and Wordsworth CUA 10, LLC
AMENDED AND RESTATED OPERATING AGREEMENT**

OF

TURNING POINTS FOR CHILDREN CUA 5, LLC

This Amended and Restated Operating Agreement (this "**Agreement**") of Wordsworth CUA 5, LLC (the "**Company**") is entered into effective as of this ___ day of _____, 2017, by and between TURNING POINTS FOR CHILDREN, a Pennsylvania nonprofit corporation (the "**Member**"), as the sole member of the Company, and the Company (the Member and the Company are, collectively, the "**Parties**").

Pursuant to and in accordance with the Pennsylvania Uniform Limited Liability Company Law of 2016 (15 Pa.C.S. § 8811, *et seq.*), as amended from time to time (the "**Act**"), the Parties agree as follows:

1. **Name.** The name of the Company shall be Turning Points for Children CUA 5, LLC.
2. **Principal Office.** The principal office of the Company shall be c/o Turning Points for Children, 415 South 15th Street, Philadelphia, PA 19146, or such other place or places as the Member shall determine.
3. **Term.** The term of the Company shall commence as of the date of filing of the Certificate of Organization of the Company (the "**Certificate**") with the Department of State of the Commonwealth of Pennsylvania, and the Company shall be dissolved and its affairs wound up as provided in said Certificate, in this Agreement, or as otherwise provided in the Act.
4. **Purpose.** The Company is organized exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**") (these are the "**Purposes**"). The Purposes include: (i) to provide child welfare services to the community; and (ii) any other lawful business purpose, including taking any and all actions necessary, proper, advisable, or convenient for the accomplishment of the purposes set forth in the previous provisions that the Company may do under the Act; provided, however, that the Company shall not conduct or carry on any activity not permitted to be conducted or carried on by the Member or by an organization that is exempt from tax under Section 501(a) of the Code and described in Section 501(c)(3) of the Code, and the Company shall not conduct any activity that might adversely affect the tax-exempt status of the Member under Section 501(a) of the Code, which is described in Sections 501(c)(3) and 170(b)(1)(A)(ii) of the Code.

Notwithstanding any other provision hereof, no part of the Company's net earnings shall inure to the benefit of, or be distributable to, any contributor, director, manager, Company Manager, as

defined below, or officer of the Company or of the Member or any other individual or person, provided that the Company shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein; no substantial part of the activities of the Company shall consist of carrying on propaganda or otherwise attempting to influence legislation; the Company shall not participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office; and upon any dissolution or winding-up of the Company, its assets remaining after all debts and expenses have been paid or provided for shall be distributed by the Company to the Member, provided that the Member qualifies at such time as an organization described in Section 501(c)(3) of the Code.

5. **Member.**

- (i) **Identity.** Simultaneously with the execution and delivery of this Agreement and the filing of the Certificate of Amendment to the Company Certificate of Organization with the Department of State of the Commonwealth of Pennsylvania, Turning Points for Children is admitted as the Member of the Company in respect of the Interest (as hereinafter defined). The name and the mailing address of the Member are as follows:

<u>Name</u>	<u>Address</u>
Turning Points for Children	415 South 15th Street Philadelphia, PA 19146

- (ii) **Limitations on Powers.** The Member shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way. Notwithstanding the foregoing, the Member shall have all the rights and powers specifically set forth in this Agreement and, to the extent not inconsistent with this Agreement, in the Act.
- (iii) **Inspection Rights.** The Member shall have the right, at any reasonable time, to inspect the Company's books and records, including all tax returns, at such Member's expense.
- (iv) **Exercise of Rights.** The Member may exercise its rights or obligations under this Agreement through a duly appointed representative.

6. **Interest.** The Company shall be authorized to issue a single class of limited liability company interest (the "**Interest**") including any and all benefits to which the holder of such Interest may be entitled in this Agreement, together with all obligations of such person to comply with the terms and provisions of this Agreement.

7. **Board of Managers.**

- (i) **Management.** The management of the Company shall be vested solely in a Board of Managers (each, individually, a "**Manager**" and, collectively, the "**Managers**")

or the "**Board**") that, subject to the restrictions contained in Section 7(ii) herein, shall have full, exclusive, and complete authority, power, and discretion to manage, direct, and control the business, affairs, and properties of the Company, including without limitation obtaining all insurance, permits, licenses, and approvals and remedies thereof, necessary or desirable to facilitate the purpose of the Company. The Managers of the Company are set forth on **Exhibit "A"** hereto.

- (ii) Conduct of the Business of the Company. So long as the Company shall be in existence, it shall conduct its business in a manner that is, and the Managers shall approve only those actions of the Company that are, at all times consistent with the Member's charitable mission, and the Managers shall cause the Company to:
- (1) conduct its business in accordance with all applicable laws;
 - (2) not commingle its assets with the assets of any other person or entity, including but not limited to the Member, and hold all of its assets in its own name;
 - (3) maintain records, books of account, bank accounts, financial statements, accounting records, and other entity documents separate and apart from those of any other person and not list its assets as assets on the financial statement of any other person or entity; provided, however, that the Company's assets may be included in a consolidated financial statement of the Member and in the Member's IRS Form 990, provided that: (a) appropriate notation shall be made on such consolidated financial statements and the Member's IRS Form 990 to indicate the separateness of the Company from the Member and to indicate that the Company's assets and credit are not available to satisfy the debts and other obligations of the Member or any other person or entity; and (b) such assets shall also be listed on the Company's own separate balance sheet;
 - (4) not maintain its assets in such a manner that will be costly or difficult to segregate, ascertain, or identify its individual assets from those of any other person or entity;
 - (5) pay any taxes required to be paid under applicable law;
 - (6) hold itself out to the public as a legal entity separate and distinct from any other person or entity, including but not limited to the Member, and conduct its business solely in its own name, correct any known misunderstanding regarding its separate identity, and not identify itself or any of its affiliates as a division or department of any other person or entity, including but not limited to the Member;
 - (7) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations and pay its debts and liabilities from its own assets as the same shall become due;

- (8) allocate fairly and reasonably shared expenses with any other person or entity, including but not limited to the Member, (including, without limitation, shared office space) and use separate stationery, invoices, and checks bearing its own name;
- (9) maintain a sufficient number of employees (if any), consultants, and other service providers in light of the Company's contemplated business operations and pay the salaries of its own employees, if any, and costs of consultants and other service providers exclusively from its own funds; and
- (10) treat all of its employees (if any) exclusively as employees of the Company and not of the Member, such that the Company's employees are not entitled to the benefits of employment by the Member.

(iii) Number; Terms.

- (1) There shall be not less than three (3) and not more than nine (9) Company Managers.
- (2) At all times, a majority of the Board shall be current members of the Board of Directors of the Member, or duly elected replacements thereof, and at least one (1) member of the Board (the "**CAB Representative**") shall be selected by the Board from a slate of nominees presented to it by the Executive Director, which slate shall include only members of the Community Advisory Board (the "**CAB**") as described in Section 7(viii) herein.
- (3) Managers shall be elected for terms of two (2) years or until their successors are duly selected and qualified, provided that the CAB Representative shall be elected for a term of one (1) year or until his or her successor is duly selected and qualified. There is no limit to the number of consecutive terms that a Manager may serve.

- (iv) Vacancies. Vacancies in the Board, including vacancies resulting from an increase in the authorized number of Managers, shall be filled by election by a majority of the remaining members of the Board, even if the number remaining on the Board is less than a quorum. Any Manager so elected shall serve for the balance of the unexpired term of the Manager that he or she is replacing.

(v) Meetings.

- (1) Place of Meetings. The meetings of the Board may be held at such place within or without the Commonwealth of Pennsylvania as the Board may determine. In the absence of specification, such meetings shall be held at the registered office of the Company. Meetings may be held by means of conference telephone or similar communications equipment to the fullest extent permitted by Pennsylvania law.

- (2) Regular Meetings. Regular Meetings of the Board may be held at such times as the Board may determine but not less often than two (2) times each calendar year. Notice of Regular Meetings shall be provided to the Board at least ten (10) days prior to each Regular Meeting, provided that the Board may determine to provide a schedule of Regular Meetings (“Schedule”) and the provision of the Schedule once a year shall be sufficient notice of the Regular Meetings.
 - (3) Special Meetings. Special Meetings of the Board may be called at any time by the President or upon the written request of twenty-five percent (25%) or more of the Managers stating the purpose of the meeting delivered to the Secretary. Any such request by the Managers shall state the time and place of the proposed meeting, and upon receipt of such request it shall be the duty of the Secretary to issue the call for such meeting promptly. If the Secretary shall neglect to issue such call, the Directors making the request may issue the call. Notice of a Special Meeting shall be given to the Board at least forty-eight (48) hours prior to each Special Meeting. Business at a Special Meeting shall be limited to the matters listed on the notice and related thereto.
- (vi) Quorum. A majority of the total number of the whole Board of Managers shall constitute a quorum at all meetings of the Board, and the acts of a majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board. If a quorum shall not be present at any meeting of the Board, the Managers present thereat may adjourn the meeting from time to time, without notice, other than an announcement at the meeting, until a quorum shall be present.
- (vii) Resignation and Removal.
 - (1) Resignation of Managers. A Manager may resign at any time by giving written notice to the President or to the Secretary of the Company. Such notice need not be accepted to be effective and shall take effect on the date of receipt or at any later time which the notice specifies.
 - (2) Removal of Managers. Any Manager may be removed at any time by the Member, with or without cause, to the fullest extent permitted by the Act.
- (viii) Community Advisory Board. The Company shall establish a Community Advisory Board (the “CAB”). The members of the CAB (hereinafter “Community Advisors”) may be nominated by the Executive Director or his or her designee, and shall be appointed and may be removed, with or without cause, by the Board. The Executive Director shall use his or her discretion in selecting individuals to nominate to the CAB; the CAB may include representation from residents, community leaders, religious leaders, community stakeholders, and business owners in the community the Company serves. Community Advisors shall be at least eighteen (18) years of age. Community Advisors shall not have voting privileges regarding the activities of the Company and shall not be deemed

to be Managers or Members for the purposes of the Act or any other state or federal law, nor shall Community Advisors have any of the duties or obligations of a Manager or a Member under the Act or any other state or federal law.

- (ix) Advisory Boards. The Company may have such other Advisory Boards as the Board may determine, the members of which (hereinafter "Advisors") shall be appointed and may be removed, with or without cause, by the President. Advisors shall serve as advisors, ambassadors, and resources for the Company. Advisors shall not have voting privileges regarding the activities of the Company and shall not be deemed to be Managers or Members for the purposes of the Act or any other state or federal law, nor shall Advisors have any of the duties or obligations of a Manager or a Member under the Act or any other state or federal law.
- (x) Committees.
 - (1) Establishment. The Board may establish one or more standing or special committees. Except as otherwise provided in this Agreement, the Certificate, or applicable law, any committee may exercise such powers and functions as the Board may from time to time determine, provided that no committee shall have the authority to amend or repeal this Agreement, elect or remove any officer or Manager, authorize any merger or other fundamental transaction, or authorize the voluntary dissolution of the Company.
 - (2) Members. Except as the Board may otherwise determine and as provided in this Agreement, the President shall appoint all committee members and committee chairpersons and may appoint alternates for any member or chairperson of any committee. All members of the Executive Committee shall be Managers. All other committees shall have at least one (1) Manager as a member.
 - (3) Committee Reports. The Chairperson of each committee shall deliver a report of the activities of the committee to the Board as requested by the President. If the Chairperson of the committee is unable to be present for the committee report, the Chairperson may designate another member of the committee to deliver its report. The Board shall adopt rules of procedure as it deems necessary for the conduct of the affairs of each committee
- (xi) Executive Committee. There shall be an Executive Committee which, subject to this Agreement and the Certificate, shall have and may exercise the powers of the Board between meetings of the Board with general power to discharge the duties of the Board except as such power from time to time may be limited by the Board. The Executive Committee shall consist of the President, Secretary, and Treasurer of the Company and such other members of the Board as may be appointed by the Board. The Executive Committee may act only by a majority vote of its members.

The actions of the Executive Committee shall be reported to the Board at each Board Meeting or as often as may be required by the Board.

8. Officers.

- (i) **Officers.** The officers of the Company shall be natural persons of at least eighteen (18) years of age, and there shall be a President, a Secretary, and a Treasurer, each of whom shall be Managers currently in office and shall be elected as officers by the Board of Managers. In addition, as the Board of Managers may determine necessary, there may also be one or more Vice Presidents and assistant officers.

In addition to the powers and duties prescribed by this Agreement, the officers shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board of Managers. The Board of Managers may add to the Company title of any officer (other than the President) a functional title in word or words descriptive of his or her powers or the general character of his or her duties. Any individual may hold more than one position.

- (ii) **Term.** The officers and assistant officers of the Company shall hold office for a term of one (1) year, commencing on January 1 of the year following meeting at which such officer is elected, or as specified in the resolution electing or appointing such officer, and until their successors are chosen and have qualified, unless they are sooner removed from office as provided by this Agreement.
- (iii) **Vacancies.** If the office of any officer or assistant officer becomes vacant, the vacancy shall be filled by the Managers in the manner set forth in this Agreement. The elected officer shall fill the unexpired portion of the term to which he or she is elected.
- (iv) **Agents or Employees.** The Board may by resolution designate the officer or officers who shall have authority to appoint such agents or employees as the needs of the Company may require. In the absence of such designation, this function may be performed by the President and may be delegated by the President to others in whole or in part.
- (v) **Removal of Officers, Agents or Employees.** The Board may remove at any time, with or without cause, any officer, agent, or employee of the Company.
- (vi) **Duties and Functions.** The officers shall have and exercise such duties and functions as usually attach to their offices, with such additional duties and functions and subject to such limitations as may be provided in this Agreement or established by the Board. Assistant officers shall perform such functions and have such responsibilities as the Board may determine.
- (vii) **Vice Presidents; Powers and Duties.** The Vice President, if any, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and if there be more than one (1) Vice President, their seniority in performing such duties and exercising such powers shall be determined by the Board or, in default of such determination, by the order in which they were first

elected. Each Vice President also shall have such powers and perform such duties as may be assigned to him or her by the Board. Each Vice President shall be an *ex officio* non-voting member of the Board of Managers.

- (viii) Executive Director. An Executive Director may be appointed and may be removed by the Board. The Executive Director shall be accountable to the Board of Managers and subject to the direction of the President and shall perform the duties and functions as may be prescribed from time to time by the Board of Managers. The Executive Director shall be an *ex officio* non-voting member of the Board of Managers and an *ex officio* non-voting member of all standing committees.

10. Capital Contributions. The initial member of the Company, Wordsworth Academy, made an initial capital contribution to the Company in exchange for the Interest, as provided for on **Exhibit "B."** The Member is not required to make any additional capital contribution to the Company, provided that the Member may make a capital contribution with respect to the Interest in such amounts and at such times as the Member may determine in the Member's sole discretion.

11. Distributions. At such time as the Member shall determine, the Member shall cause the Company to distribute to the Member any cash held by it that is neither reasonably necessary, in the judgment of the Board, for the operation of the Company nor otherwise in violation of the Act.

12. Accounting.

- (xii) Fiscal Year. The fiscal year of the Company shall be the same as that of the Member, which currently ends June 30.
- (xiii) Bank Accounts. Funds of the Company shall be deposited in its name in such bank or brokerage account or accounts as may be determined by the Company Managers.
- (xiv) Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officer's agent or agents of the Company and in such manner as shall from time to time be determined by resolution of the Managers.
- (xv) Annual Audit. The Company may obtain an independent audit of the Company's books and records, including those books and records of the Company from any agent or third party managing the Company's funds, and shall provide the Member with a copy thereof.
- (xvi) Compensation and Reimbursement. The Managers and officers shall not be paid for their services to the Company unless otherwise determined by the Member, except that the Managers and officers may be reimbursed for reasonable expenses in performance of their duties on behalf of the Company, provided that such

reimbursement does not adversely affect the Member's qualification as an organization exempt under Section 501(a) and described under Section 501(c)(3) of the Code or give rise to intermediate sanctions as defined in the Code.

13. **Tax Characterization.** It is the intention of the Member that the Company be disregarded for federal income tax and all relevant state tax purposes and that the activities of the Company be deemed to be activities of the Member for such purposes. All provisions of the Company's Certificate and this Agreement are to be construed so as to preserve that tax status under those circumstances.

14. **Dissolution.**

(xvii) **Distributions Upon Dissolution.** Upon the occurrence of an event set forth in Section 14(ii) hereof, and subject to Section 4 hereof, the Member shall be entitled to receive, after paying or making reasonable provision for all of the Company's creditors to the extent required by Section 8877 of the Act, the remaining funds and other assets of the Company.

(xviii) **Dissolution.** The Company shall dissolve, and its affairs shall be wound up, upon the earliest to occur of: (1) the decision of the Member; or (2) an event of dissolution of the Company under the Act.

15. **Liability and Indemnification.**

(xix) **Limitation of Liability.** No Member shall be liable under a judgment, decree, or order of a court, or in any other manner, for any debt, mortgage, pledge, encumbrance, lien, charge of any kind, or any other obligation or liability of the Company. The Member and the Managers shall not be personally liable for monetary damages for any action taken or failure to take any action other than as expressly provided in the Act. It is the intention of this Section to limit the liability of the Member and the Managers of this Company to the fullest extent permitted by any present or future provision of Pennsylvania law.

(xx) **Indemnification.** The Company shall hold harmless, defend, and indemnify any Member, Manager, or officer, and may by a resolution adopted by a vote of a majority of the Managers hold harmless, defend, and indemnify any employee or agent, of the Company when acting on behalf of the Company to the fullest extent permitted by the Act or any other present or future provision of Pennsylvania law. Unless ordered by a court, any indemnification under this Section shall be made by the Company only as authorized in the specific case upon a determination that indemnification is proper because the actions of the person to be indemnified were not unlawful and did not constitute self-dealing, willful misconduct, or recklessness or otherwise violate the standard of conduct provided in the Act. Such determination shall be made: (1) by the Managers by majority vote of a quorum consisting of Managers who are not parties to the action with regard to which the individual is to be indemnified; or (2) if such a quorum is not obtainable, or, even if obtainable, if a majority vote of a quorum of disinterested

Managers so directs, by independent legal counsel in a written opinion. The Company may procure insurance providing greater indemnification to those people and may share the premium cost with any of those people.

- (xxi) Advancing Expenses. Expenses incurred by a person entitled to be indemnified under this Section shall be paid by the Company in advance of the final disposition of any action, suit, or proceeding upon receipt of: (1) a written affirmation by the person of his or her good faith belief that he or she has met the relevant standard of conduct required by the Act or any other present or future provision of Pennsylvania law; and (2) a written undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Company.
- (xxii) Proceedings Initiated by Person Entitled to be Indemnified. Notwithstanding any other provision of this Agreement, the Company shall not indemnify any individual for any liability incurred in a proceeding initiated or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by a resolution of the Managers adopted by the affirmative vote of a majority of the Managers excluding any Managers seeking indemnification or by a resolution of the Member.
- (xxiii) Rights to Indemnification. Any rights to indemnification provided by this Agreement are not exclusive and do not exclude other rights of the indemnified individual. Any amendment or modification of this Agreement providing for indemnification pursuant to this Agreement that has the effect of limiting a person's rights to indemnification with respect to any act or failure to act occurring prior to the date of adoption of such amendment or modification shall not be effective as to that person unless he or she consents in writing to be bound by such amendment or modification. The rights provided by or granted pursuant to this Section to a person shall inure to the benefit of his or her heirs, executors, and administrators

16. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ANY CONFLICTS OF LAW RULES OR PRINCIPLES.

17. Severability. Except as otherwise provided in the succeeding sentence, every term and provision of this Agreement is intended to be severable, and if any term or provision of this Agreement is held by a Court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement. The preceding sentence shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain.

18. **Counterparts.** This Agreement may be executed in any number of counterparts and by the different Parties on separate counterpart signature pages, with the same effect as if all the signatures thereto and hereto were upon the same instrument, and all such counterparts taken together shall constitute one and the same document. Signatures by facsimile shall have the same effect as original signatures.

19. **Amendment.** This Agreement may be amended only in a writing signed by the Member and the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, intending to be legally bound hereby, the undersigned has duly executed this Amended and Restated Operating Agreement as of the day and year first above written.

MEMBER:

TURNING POINTS FOR CHILDREN

By: _____
Its: _____

COMPANY:

TURNING POINTS FOR CHILDREN CUA 5,
LLC

By: _____

EXHIBIT A

COMPANY MANAGERS

The Managers of the Company, appointed by Turning Points for Children, the sole member of the Company, shall be:

- **[insert names of Managers]**

EXHIBIT B

INITIAL MEMBER CAPITAL CONTRIBUTION

Wordsworth Academy, the initial sole member of the Company, made an initial capital contribution in the amount of ten thousand dollars (\$10,000).

AMENDED AND RESTATED OPERATING AGREEMENT
OF
TURNING POINTS FOR CHILDREN CUA 10, LLC

This Amended and Restated Operating Agreement (this “**Agreement**”) of Wordsworth CUA 10, LLC (the “**Company**”) is entered into effective as of this ___ day of _____, 2017, by and between TURNING POINTS FOR CHILDREN, a Pennsylvania nonprofit corporation (the “**Member**”), as the sole member of the Company, and the Company (the Member and the Company are, collectively, the “**Parties**”).

Pursuant to and in accordance with the Pennsylvania Uniform Limited Liability Company Law of 2016 (15 Pa.C.S. § 8811, *et seq.*), as amended from time to time (the “**Act**”), the Parties agree as follows:

1. **Name.** The name of the Company shall be Turning Points for Children CUA 10, LLC.
2. **Principal Office.** The principal office of the Company shall be c/o Turning Points for Children, 415 South 15th Street, Philadelphia, PA 19146, or such other place or places as the Member shall determine.
3. **Term.** The term of the Company shall commence as of the date of filing of the Certificate of Organization of the Company (the “**Certificate**”) with the Department of State of the Commonwealth of Pennsylvania, and the Company shall be dissolved and its affairs wound up as provided in said Certificate, in this Agreement, or as otherwise provided in the Act.
4. **Purpose.** The Company is organized exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”) (these are the “**Purposes**”). The Purposes include: (i) to provide child welfare services to the community; and (ii) any other lawful business purpose, including taking any and all actions necessary, proper, advisable, or convenient for the accomplishment of the purposes set forth in the previous provisions that the Company may do under the Act; provided, however, that the Company shall not conduct or carry on any activity not permitted to be conducted or carried on by the Member or by an organization that is exempt from tax under Section 501(a) of the Code and described in Section 501(c)(3) of the Code, and the Company shall not conduct any activity that might adversely affect the tax-exempt status of the Member under Section 501(a) of the Code, which is described in Sections 501(c)(3) and 170(b)(1)(A)(ii) of the Code.

Notwithstanding any other provision hereof, no part of the Company’s net earnings shall inure to the benefit of, or be distributable to, any contributor, director, manager, Company Manager, as defined below, or officer of the Company or of the Member or any other individual or person, provided that the Company shall be authorized and empowered to pay reasonable compensation

for services rendered and to make payments and distributions in furtherance of the purposes set forth herein; no substantial part of the activities of the Company shall consist of carrying on propaganda or otherwise attempting to influence legislation; the Company shall not participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office; and upon any dissolution or winding-up of the Company, its assets remaining after all debts and expenses have been paid or provided for shall be distributed by the Company to the Member, provided that the Member qualifies at such time as an organization described in Section 501(c)(3) of the Code.

5. **Member.**

(xxiv) **Identity.** Simultaneously with the execution and delivery of this Agreement and the filing of the Certificate of Amendment to the Company Certificate of Organization with the Department of State of the Commonwealth of Pennsylvania, Turning Points for Children is admitted as the Member of the Company in respect of the Interest (as hereinafter defined). The name and the mailing address of the Member are as follows:

Name

Address

Turning Points for Children

415 South 15th Street
Philadelphia, PA 19146

(xxv) **Limitations on Powers.** The Member shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way. Notwithstanding the foregoing, the Member shall have all the rights and powers specifically set forth in this Agreement and, to the extent not inconsistent with this Agreement, in the Act.

(xxvi) **Inspection Rights.** The Member shall have the right, at any reasonable time, to inspect the Company's books and records, including all tax returns, at such Member's expense.

(xxvii) **Exercise of Rights.** The Member may exercise its rights or obligations under this Agreement through a duly appointed representative.

6. **Interest.** The Company shall be authorized to issue a single class of limited liability company interest (the "**Interest**") including any and all benefits to which the holder of such Interest may be entitled in this Agreement, together with all obligations of such person to comply with the terms and provisions of this Agreement.

7. **Board of Managers.**

(i) **Management.** The management of the Company shall be vested solely in a Board of Managers (each, individually, a "**Manager**" and, collectively, the "**Managers**" or the "**Board**") that, subject to the restrictions contained in Section 7(ii) herein, shall have full, exclusive, and complete authority, power, and discretion to

manage, direct, and control the business, affairs, and properties of the Company, including without limitation obtaining all insurance, permits, licenses, and approvals and remedies thereof, necessary or desirable to facilitate the purpose of the Company. The Managers of the Company are set forth on Exhibit "A" hereto.

- (ii) Conduct of the Business of the Company. So long as the Company shall be in existence, it shall conduct its business in a manner that is, and the Managers shall approve only those actions of the Company that are, at all times consistent with the Member's charitable mission, and the Managers shall cause the Company to:
- (1) conduct its business in accordance with all applicable laws;
 - (2) not commingle its assets with the assets of any other person or entity, including but not limited to the Member, and hold all of its assets in its own name;
 - (3) maintain records, books of account, bank accounts, financial statements, accounting records, and other entity documents separate and apart from those of any other person and not list its assets as assets on the financial statement of any other person or entity; provided, however, that the Company's assets may be included in a consolidated financial statement of the Member and in the Member's IRS Form 990, provided that: (a) appropriate notation shall be made on such consolidated financial statements and the Member's IRS Form 990 to indicate the separateness of the Company from the Member and to indicate that the Company's assets and credit are not available to satisfy the debts and other obligations of the Member or any other person or entity; and (b) such assets shall also be listed on the Company's own separate balance sheet;
 - (4) not maintain its assets in such a manner that will be costly or difficult to segregate, ascertain, or identify its individual assets from those of any other person or entity;
 - (5) pay any taxes required to be paid under applicable law;
 - (6) hold itself out to the public as a legal entity separate and distinct from any other person or entity, including but not limited to the Member, and conduct its business solely in its own name, correct any known misunderstanding regarding its separate identity, and not identify itself or any of its affiliates as a division or department of any other person or entity, including but not limited to the Member;
 - (7) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations and pay its debts and liabilities from its own assets as the same shall become due;

- (8) allocate fairly and reasonably shared expenses with any other person or entity, including but not limited to the Member, (including, without limitation, shared office space) and use separate stationery, invoices, and checks bearing its own name;
- (9) maintain a sufficient number of employees (if any), consultants, and other service providers in light of the Company's contemplated business operations and pay the salaries of its own employees, if any, and costs of consultants and other service providers exclusively from its own funds; and
- (10) treat all of its employees (if any) exclusively as employees of the Company and not of the Member, such that the Company's employees are not entitled to the benefits of employment by the Member.

(iii) Number; Terms.

- (1) There shall be not less than three (3) and not more than nine (9) Company Managers.
- (2) At all times, a majority of the Board shall be current members of the Board of Directors of the Member, or duly elected replacements thereof, and at least one (1) member of the Board (the "CAB Representative") shall be selected by the Board from a slate of nominees presented to it by the Executive Director, which slate shall include only members of the Community Advisory Board (the "CAB") as described in Section 7(viii) herein.
- (3) Managers shall be elected for terms of two (2) years or until their successors are duly selected and qualified, provided that the CAB Representative shall be elected for a term of one (1) year or until his or her successor is duly selected and qualified. There is no limit to the number of consecutive terms that a Manager may serve.

- (iv) Vacancies. Vacancies in the Board, including vacancies resulting from an increase in the authorized number of Managers, shall be filled by election by a majority of the remaining members of the Board, even if the number remaining on the Board is less than a quorum. Any Manager so elected shall serve for the balance of the unexpired term of the Manager that he or she is replacing.

(v) Meetings.

- (1) Place of Meetings. The meetings of the Board may be held at such place within or without the Commonwealth of Pennsylvania as the Board may determine. In the absence of specification, such meetings shall be held at the registered office of the Company. Meetings may be held by means of conference telephone or similar communications equipment to the fullest extent permitted by Pennsylvania law.

- (2) Regular Meetings. Regular Meetings of the Board may be held at such times as the Board may determine but not less often than two (2) times each calendar year. Notice of Regular Meetings shall be provided to the Board at least ten (10) days prior to each Regular Meeting, provided that the Board may determine to provide a schedule of Regular Meetings (“Schedule”) and the provision of the Schedule once a year shall be sufficient notice of the Regular Meetings.
 - (3) Special Meetings. Special Meetings of the Board may be called at any time by the President or upon the written request of twenty-five percent (25%) or more of the Managers stating the purpose of the meeting delivered to the Secretary. Any such request by the Managers shall state the time and place of the proposed meeting, and upon receipt of such request it shall be the duty of the Secretary to issue the call for such meeting promptly. If the Secretary shall neglect to issue such call, the Directors making the request may issue the call. Notice of a Special Meeting shall be given to the Board at least forty-eight (48) hours prior to each Special Meeting. Business at a Special Meeting shall be limited to the matters listed on the notice and related thereto.
- (vi) Quorum. A majority of the total number of the whole Board of Managers shall constitute a quorum at all meetings of the Board, and the acts of a majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board. If a quorum shall not be present at any meeting of the Board, the Managers present thereat may adjourn the meeting from time to time, without notice, other than an announcement at the meeting, until a quorum shall be present.
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 - (1) Resignation of Managers. A Manager may resign at any time by giving written notice to the President or to the Secretary of the Company. Such notice need not be accepted to be effective and shall take effect on the date of receipt or at any later time which the notice specifies.
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to be Managers or Members for the purposes of the Act or any other state or federal law, nor shall Community Advisors have any of the duties or obligations of a Manager or a Member under the Act or any other state or federal law.

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- (1) Establishment. The Board may establish one or more standing or special committees. Except as otherwise provided in this Agreement, the Certificate, or applicable law, any committee may exercise such powers and functions as the Board may from time to time determine, provided that no committee shall have the authority to amend or repeal this Agreement, elect or remove any officer or Manager, authorize any merger or other fundamental transaction, or authorize the voluntary dissolution of the Company.
 - (2) Members. Except as the Board may otherwise determine and as provided in this Agreement, the President shall appoint all committee members and committee chairpersons and may appoint alternates for any member or chairperson of any committee. All members of the Executive Committee shall be Managers. All other committees shall have at least one (1) Manager as a member.
 - (3) Committee Reports. The Chairperson of each committee shall deliver a report of the activities of the committee to the Board as requested by the President. If the Chairperson of the committee is unable to be present for the committee report, the Chairperson may designate another member of the committee to deliver its report. The Board shall adopt rules of procedure as it deems necessary for the conduct of the affairs of each committee
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The actions of the Executive Committee shall be reported to the Board at each Board Meeting or as often as may be required by the Board.

8. **Officers.**

- (i) **Officers.** The officers of the Company shall be natural persons of at least eighteen (18) years of age, and there shall be a President, a Secretary, and a Treasurer, each of whom shall be Managers currently in office and shall be elected as officers by the Board of Managers. In addition, as the Board of Managers may determine necessary, there may also be one or more Vice Presidents and assistant officers.

In addition to the powers and duties prescribed by this Agreement, the officers shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board of Managers. The Board of Managers may add to the Company title of any officer (other than the President) a functional title in word or words descriptive of his or her powers or the general character of his or her duties. Any individual may hold more than one position.

- (ii) **Term.** The officers and assistant officers of the Company shall hold office for a term of one (1) year, commencing on January 1 of the year following meeting at which such officer is elected, or as specified in the resolution electing or appointing such officer, and until their successors are chosen and have qualified, unless they are sooner removed from office as provided by this Agreement.
- (iii) **Vacancies.** If the office of any officer or assistant officer becomes vacant, the vacancy shall be filled by the Managers in the manner set forth in this Agreement. The elected officer shall fill the unexpired portion of the term to which he or she is elected.
- (iv) **Agents or Employees.** The Board may by resolution designate the officer or officers who shall have authority to appoint such agents or employees as the needs of the Company may require. In the absence of such designation, this function may be performed by the President and may be delegated by the President to others in whole or in part.
- (v) **Removal of Officers, Agents or Employees.** The Board may remove at any time, with or without cause, any officer, agent, or employee of the Company.
- (vi) **Duties and Functions.** The officers shall have and exercise such duties and functions as usually attach to their offices, with such additional duties and functions and subject to such limitations as may be provided in this Agreement or established by the Board. Assistant officers shall perform such functions and have such responsibilities as the Board may determine.
- (vii) **Vice Presidents; Powers and Duties.** The Vice President, if any, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and if there be more than one (1) Vice President, their seniority in performing such duties and exercising such powers shall be determined by the Board or, in default of such determination, by the order in which they were first

elected. Each Vice President also shall have such powers and perform such duties as may be assigned to him or her by the Board. Each Vice President shall be an *ex officio* non-voting member of the Board of Managers.

- (viii) Executive Director. An Executive Director may be appointed and may be removed by the Board. The Executive Director shall be accountable to the Board of Managers and subject to the direction of the President and shall perform the duties and functions as may be prescribed from time to time by the Board of Managers. The Executive Director shall be an *ex officio* non-voting member of the Board of Managers and an *ex officio* non-voting member of all standing committees.

10. Capital Contributions. The initial member of the Company, Wordsworth Academy, made an initial capital contribution to the Company in exchange for the Interest, as provided for on Exhibit "B." The Member is not required to make any additional capital contribution to the Company, provided that the Member may make a capital contribution with respect to the Interest in such amounts and at such times as the Member may determine in the Member's sole discretion.

11. Distributions. At such time as the Member shall determine, the Member shall cause the Company to distribute to the Member any cash held by it that is neither reasonably necessary, in the judgment of the Board, for the operation of the Company nor otherwise in violation of the Act.

12. Accounting.

- (i) Fiscal Year. The fiscal year of the Company shall be the same as that of the Member, which currently ends June 30.
- (ii) Bank Accounts. Funds of the Company shall be deposited in its name in such bank or brokerage account or accounts as may be determined by the Company Managers.
- (iii) Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officer's agent or agents of the Company and in such manner as shall from time to time be determined by resolution of the Managers.
- (iv) Annual Audit. The Company may obtain an independent audit of the Company's books and records, including those books and records of the Company from any agent or third party managing the Company's funds, and shall provide the Member with a copy thereof.
- (v) Compensation and Reimbursement. The Managers and officers shall not be paid for their services to the Company unless otherwise determined by the Member, except that the Managers and officers may be reimbursed for reasonable expenses in performance of their duties on behalf of the Company, provided that such

reimbursement does not adversely affect the Member's qualification as an organization exempt under Section 501(a) and described under Section 501(c)(3) of the Code or give rise to intermediate sanctions as defined in the Code.

13. **Tax Characterization.** It is the intention of the Member that the Company be disregarded for federal income tax and all relevant state tax purposes and that the activities of the Company be deemed to be activities of the Member for such purposes. All provisions of the Company's Certificate and this Agreement are to be construed so as to preserve that tax status under those circumstances.

14. **Dissolution.**

- (i) **Distributions Upon Dissolution.** Upon the occurrence of an event set forth in Section 14(ii) hereof, and subject to Section 4 hereof, the Member shall be entitled to receive, after paying or making reasonable provision for all of the Company's creditors to the extent required by Section 8877 of the Act, the remaining funds and other assets of the Company.
- (ii) **Dissolution.** The Company shall dissolve, and its affairs shall be wound up, upon the earliest to occur of: (1) the decision of the Member; or (2) an event of dissolution of the Company under the Act.

15. **Liability and Indemnification.**

- (i) **Limitation of Liability.** No Member shall be liable under a judgment, decree, or order of a court, or in any other manner, for any debt, mortgage, pledge, encumbrance, lien, charge of any kind, or any other obligation or liability of the Company. The Member and the Managers shall not be personally liable for monetary damages for any action taken or failure to take any action other than as expressly provided in the Act. It is the intention of this Section to limit the liability of the Member and the Managers of this Company to the fullest extent permitted by any present or future provision of Pennsylvania law.
- (ii) **Indemnification.** The Company shall hold harmless, defend, and indemnify any Member, Manager, or officer, and may by a resolution adopted by a vote of a majority of the Managers hold harmless, defend, and indemnify any employee or agent, of the Company when acting on behalf of the Company to the fullest extent permitted by the Act or any other present or future provision of Pennsylvania law. Unless ordered by a court, any indemnification under this Section shall be made by the Company only as authorized in the specific case upon a determination that indemnification is proper because the actions of the person to be indemnified were not unlawful and did not constitute self-dealing, willful misconduct, or recklessness or otherwise violate the standard of conduct provided in the Act. Such determination shall be made: (1) by the Managers by majority vote of a quorum consisting of Managers who are not parties to the action with regard to which the individual is to be indemnified; or (2) if such a quorum is not obtainable, or, even if obtainable, if a majority vote of a quorum of disinterested

Managers so directs, by independent legal counsel in a written opinion. The Company may procure insurance providing greater indemnification to those people and may share the premium cost with any of those people.

- (iii) Advancing Expenses. Expenses incurred by a person entitled to be indemnified under this Section shall be paid by the Company in advance of the final disposition of any action, suit, or proceeding upon receipt of: (1) a written affirmation by the person of his or her good faith belief that he or she has met the relevant standard of conduct required by the Act or any other present or future provision of Pennsylvania law; and (2) a written undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Company.
- (iv) Proceedings Initiated by Person Entitled to be Indemnified. Notwithstanding any other provision of this Agreement, the Company shall not indemnify any individual for any liability incurred in a proceeding initiated or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by a resolution of the Managers adopted by the affirmative vote of a majority of the Managers excluding any Managers seeking indemnification or by a resolution of the Member.
- (v) Rights to Indemnification. Any rights to indemnification provided by this Agreement are not exclusive and do not exclude other rights of the indemnified individual. Any amendment or modification of this Agreement providing for indemnification pursuant to this Agreement that has the effect of limiting a person's rights to indemnification with respect to any act or failure to act occurring prior to the date of adoption of such amendment or modification shall not be effective as to that person unless he or she consents in writing to be bound by such amendment or modification. The rights provided by or granted pursuant to this Section to a person shall inure to the benefit of his or her heirs, executors, and administrators

16. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ANY CONFLICTS OF LAW RULES OR PRINCIPLES.

17. Severability. Except as otherwise provided in the succeeding sentence, every term and provision of this Agreement is intended to be severable, and if any term or provision of this Agreement is held by a Court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement. The preceding sentence shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain.

18. **Counterparts.** This Agreement may be executed in any number of counterparts and by the different Parties on separate counterpart signature pages, with the same effect as if all the signatures thereto and hereto were upon the same instrument, and all such counterparts taken together shall constitute one and the same document. Signatures by facsimile shall have the same effect as original signatures.

19. **Amendment.** This Agreement may be amended only in a writing signed by the Member and the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, intending to be legally bound hereby, the undersigned has duly executed this Amended and Restated Operating Agreement as of the day and year first above written.

MEMBER:

TURNING POINTS FOR CHILDREN

By: _____
Its: _____

COMPANY:

TURNING POINTS FOR CHILDREN CUA 10,
LLC

By: _____

EXHIBIT A

COMPANY MANAGERS

The Managers of the Company, appointed by Turning Points for Children, the sole member of the Company, shall be:

- **[insert names of Managers]**

EXHIBIT B

INITIAL MEMBER CAPITAL CONTRIBUTION

Wordsworth Academy, the initial sole member of the Company, made an initial capital contribution in the amount of ten thousand dollars (\$10,000).

EXHIBIT E

Certificate of Representations and Warranties of Wordsworth

The undersigned executive officers, acting in the capacities shown below, on behalf of Wordsworth Academy ("Wordsworth"), without personal liability, do hereby certify to PHMC that the representations and warranties set forth below are, to the best of each said officer's knowledge, information and belief after reasonable inquiry, true and correct in all material respects as of the date hereof:

A. Organization and Good Standing.

(i) Wordsworth is a non-profit corporation duly organized, validly existing, in good standing and subsisting under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to carry on its activities and to execute, deliver and perform this Agreement and the transactions and the Affiliation contemplated hereby. This Agreement has been duly authorized by all proper corporate action of Wordsworth and constitutes the valid and binding obligation of Wordsworth, enforceable against Wordsworth in accordance with its terms.

(ii) Wordsworth is exempt from federal income taxes as a public charity under Sections 501(c)(3) and 509(a)(1) of the Code, as amended, and is duly registered as a charitable organization with the Pennsylvania Department of State, Bureau of Corporations and Charitable Organizations. Such status is not currently subject to, and to the best of Wordsworth's knowledge, is not threatened to be made subject to, any administrative or other proceeding by the Internal Revenue Service or any other governmental agency.

(iii) Wordsworth does not have, and since the date of its incorporation has never had, any members as defined in Section 5103 of the Pennsylvania Nonprofit Corporation Law of 1988, as amended, including specifically any members entitled to vote on any matter.

B. Powers, Consents; Absence of Conflicts with Other Agreements.

(i) To the best of Wordsworth's knowledge, the execution, delivery and performance of this Agreement by Wordsworth and the completion of the transactions contemplated by this Agreement do not and will not result in or constitute a conflict, violation, breach, default (or an event, which, with notice or lapse of time or both, would constitute a default), under, or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions or provisions of any contract or other instrument or obligation to which Wordsworth is a party or by which Wordsworth may be bound. By execution of this Agreement, Wordsworth agrees that to the best of its knowledge it has provided any required notices of this

Agreement to all funding sources or Parties with which Wordsworth has a contract and shall have received bank consent approving this Agreement.

(ii) The consummation by Wordsworth of the Affiliation:

(a) is within its corporate powers, is not in contravention of law or of the terms of its organizational documents, and has been duly authorized by all appropriate corporate action;

(b) except as provided in Schedule B(ii)(b), does not require any approval or consent of, or filing with, any government, governmental entity, department, commission, board, agency or instrumentality, or any court, tribunal, or judicial or arbitral body, whether federal, state, or local (each a "Governmental Authority") bearing on the validity of this Agreement that is required by law or the regulations of any such Governmental Authority; and

(c) will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge, restriction, or encumbrance under, any indenture, agreement, lease, instrument, or understanding to which it is a party or by which it is bound.

C. Binding Agreement. This Agreement constitutes the valid and legally binding obligation of Wordsworth and is and will be enforceable against it in accordance with the respective terms hereof.

D. Legal and Regulatory Compliance; Legal Proceedings.

(i) Except as provided in Schedule D, Wordsworth is in compliance with all applicable legal requirements and has timely filed all reports, data, and other information required to be filed with any Governmental Authority, except where a failure to be in compliance or file timely would not have an adverse effect on Wordsworth.

(ii) Except as provided in Schedule D, Wordsworth has not received notice of any proceeding or investigation by a Governmental Authority alleging, or based upon, a violation of any legal requirements that is currently pending or, if not currently pending, would not otherwise have an adverse effect on Wordsworth.

(iii) Except as provided in Schedule D, Wordsworth is not threatened with any proceeding or investigation by a Governmental Authority alleging, or based upon, a violation of any applicable legal requirements.

(iv) Except as provided in Schedule D, there is no action, suit, arbitration, hearing, investigation, audit, or other proceeding pending or threatened against Wordsworth, or which otherwise relates to or may affect the transactions contemplated hereby, at law or in equity, or before or by any Governmental Authority.

(v) Except as provided in Schedule D, no event has occurred or circumstance exists that is reasonably likely to give rise to, or serve as, the cause for the commencement of any such proceeding. There is no order, judgment, decree, ruling, injunction, or award to which Wordsworth is subject and Wordsworth has not received any notice or communication, written or oral, from any Governmental Authority regarding any actual or potential violation of or failure to comply with any such order, judgment, decree, ruling, injunction, or award.

E. Employment and Independent Contractors.

(i) Schedule E(i) hereto contains a true and accurate list of each Wordsworth employee (each, a **"Wordsworth Employee"**) and Wordsworth Independent Contractor (each, a **"Wordsworth Independent Contractor"**), together with a description of the Wordsworth Employee's or the Wordsworth Independent Contractor's job position, date of hire, and current salary and benefits.

(ii) Except as provided in Schedule E(ii), all federal, state, and local employment taxes have been reported and paid for all Wordsworth Employees and former Wordsworth Employees.

(iii) Schedule E(iii) describes all Wordsworth Employee benefits plans and programs, including without limitation, retirement, pension, disability, life insurance, and health care coverage (the **"Wordsworth Benefit Plans and Programs"**). As of the Effective Date, Wordsworth has paid all premiums, contributions, and other expenses due for such Wordsworth Benefit Plans and Programs and has fulfilled all other employer legal obligations and responsibilities with respect to the Wordsworth Benefit Plans and Programs.

(iv) Wordsworth is neither a party to, nor otherwise subject to, any collective bargaining or other agreement governing the wages and hours of the Wordsworth Employees. Wordsworth is not aware of any labor dispute or concern involving the Wordsworth Employees.

F. Financial Statements; Forms 990.

(i) Wordsworth has delivered to PHMC true and correct copies of the following financial statements of Wordsworth (the **"Wordsworth Financial Statements"**):

(a) audited Wordsworth Financial Statements for the fiscal years ended June 30, 2014, 2015, and 2016; and

(b) unaudited Wordsworth Financial Statement for the period beginning July 1, 2016 and, ending April 30, 2017.

(ii) The Wordsworth Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), applied on a consistent

basis throughout the periods indicated, and present fairly the financial condition of Wordsworth as of the dates indicated thereon.

(iii) Wordsworth has delivered or will deliver to PHMC true and correct copies of the IRS Forms 990 for the fiscal years ending as of June 30, 2014, 2015, and 2016, and a signed copy of the IRS Form 8879 for each return

G. No Undisclosed Liability. Except as and to the extent of the amounts specifically accrued or disclosed in the Wordsworth Financial Statements, Wordsworth has no liabilities (i) as of the date of the last Wordsworth Financial Statement that were required to be reported as liabilities and were not reflected on the Wordsworth Financial Statement or (ii) since that date. Wordsworth believes that there is no basis for the assertion against Wordsworth of any liability or obligation not fully and expressly accrued or disclosed in the Wordsworth Financial Statements or covered by insurance.

H. Events Subsequent to Most Recent Fiscal Year End. Except as set forth in Schedule (H), since June 30, 2016, there have been no:

- (i) material changes in the condition, financial or otherwise, of the operations of Wordsworth;
- (ii) fundamental changes to Wordsworth, its purpose, or structure;
- (iii) threatened Wordsworth Employee strikes, work stoppages, or labor disputes pertaining to Wordsworth;
- (iv) sales, assignments, transfers, or dispositions of any Wordsworth asset except in the ordinary course of operations, consistent with past custom and practice, and with comparable replacement thereof;
- (v) changes in the accounting methods or practices employed by Wordsworth, such as changes in depreciation or amortization policies; or
- (vi) transactions outside the ordinary course of operations or inconsistent with past custom and practice other than the closing of the residential treatment facility operation, the closing of the acute partial hospitalization program and the intent to enter into a bankruptcy.

I. Licenses. Schedule I hereto contains a true and accurate list and summary description of all licenses, registrations, certifications, permits, and approvals held by Wordsworth relating to the operation of Wordsworth, all of which are now and shall be as of the Effective Date in good standing. Except as provided in Schedule I, there is no provision or plan of corrections or other limitation on or threatened limitation on or revocation of any license, registration, certification, permit, or approval, except as described in Schedule I.

J. Contracts.

(i) Schedule J hereto contains a true and accurate list of all agreements, contracts, and commitments, written or oral, to which Wordsworth is a party or by which Wordsworth is bound (the “**Wordsworth Contracts**”), including, without limitation:

(a) notes, loans, credit agreements, mortgages, indentures, security agreements, operating leases, capital leases, mortgages, and other agreements and instruments relating to the borrowing of money or extension of credit and any contract of suretyship or guaranty;

(b) all employment and consulting agreements and arrangements, and all bonus, compensation, pension, insurance, retirement, deferred compensation and other plans, agreements, trusts, funds, and other arrangements for the benefit of the Wordsworth Employees and/or the Wordsworth Independent Contractors;

(c) licenses of patents, copyrights, trademarks, and other intangible property rights;

(d) agreements or commitments for capital expenditures;

(e) any joint venture, partnership, or other agreement involving a share of profits or losses;

(f) any contract, agreement, or arrangements with any affiliate;

(g) any agreement restricting competition or the business activities of any person or entity;

(h) any agreement for the purchase or sale of any Wordsworth asset;

(i) all deeds to the Wordsworth real property (the “**Wordsworth Real Property**”);

(j) any liens, easements, or other encumbrances on the Wordsworth Real Property;

(k) all Wordsworth Leases (as defined in Section 9.L(vi)); and

(l) any other agreements or obligations material to Wordsworth’s operations.

(ii) Wordsworth has provided to PHMC a true and correct copy of a list of all Wordsworth Contracts and provided access to copies of all Wordsworth Contracts.

(iii) Other than the Lease for the property located at 3905 Ford Road, Philadelphia, PA (the "**Ford Road Lease**"), Wordsworth is not in default under the terms of any Wordsworth Contract. No event has occurred that would constitute a default by Wordsworth under any Wordsworth Contract, nor has Wordsworth received any notice of any default under any Wordsworth Contract. The counterparties to the Wordsworth Contracts are not in default under the terms thereof, nor has any event occurred that would constitute a default by any such counterparty under any Wordsworth Contract, nor has Wordsworth received any notice of any such counterparty's default under any Wordsworth Contract.

(iv) Wordsworth has not made prepayments or deposits under any Wordsworth Contract.

K. Subsidiaries. Wordsworth does not own or hold any common stock, partnership interests, or membership interests in any subsidiary other than CUA LLC5 and CUA LLC10.

L. Real Property.

(i) Wordsworth holds good and marketable title to all of its real property, the legal description of which is set forth in Schedule L(i) (the "**Wordsworth Real Property**"), free and clear of restrictions on or conditions to transfer or assignment, liens, pledges, charges, or encumbrances except as provided on Schedule L(i).

(ii) Except as provided on Schedule L(i), there are no leases, subleases, licenses, concessions, or other agreements, including any amendments, extensions, renewals, or guaranties with respect to the Wordsworth Real Property.

(iii) The Wordsworth Real Property is in compliance with all "**Environmental Laws,**" which shall include, but not be limited to, all the federal environmental laws, including the Clean Air Act, the Clean Water Act, CERCLA, the Resource Conservation and Recovery Act, the Emergency Planning and Community Right-To-Know Act, and Sections 6 and 8 of the Occupational Safety and Health Act of 1970, and any comparable or additional Pennsylvania or local environmental law.

(iv) Wordsworth has not received any written notice from any Governmental Authority or neighboring, upgradient, or downgradient property owner or other third party regarding any non-compliance with or violation of any Environmental Law with respect to the Wordsworth Real Property or the presence or release of hazardous substances in, on, under, or from the Wordsworth Real Property.

(v) Wordsworth has not caused any release of hazard substances to or from the Wordsworth Real Property.

(vi) Schedule L(vi) hereto contains an accurate list of each lease, sublease, license, concession, or other agreement, including all amendments, extensions,

renewals, guaranties, and other agreements with respect to any property leased by Wordsworth (each, a **"Wordsworth Lease"**).

(vii) With respect to each Wordsworth Lease:

(a) Such Wordsworth Lease is legal, valid, binding, enforceable, and in full force and effect;

(b) Wordsworth has not disturbed the possession and quiet enjoyment of any real property under such Wordsworth Lease and there are no disputes with respect to such Wordsworth Lease except as related to the Ford Road Lease;

(c) Neither Wordsworth nor any other party to the Wordsworth Lease is in breach or default under such Wordsworth Lease, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification, or acceleration of rent under such Wordsworth Lease;

(d) No tenant/lessee has subleased, licensed, or otherwise granted any person the right to use or occupy such leased real property or any portion thereof; and

(e) There are no liens or encumbrances on the estate or interest created by such Wordsworth Lease.

M. Regulatory Compliance. Except as set forth in Schedule M, the operations of Wordsworth comply with all applicable laws of any Government Authority having jurisdiction over Wordsworth and the operations of the facilities or their related ancillary services.

N. Insurance.

(i) Schedule N hereto is an accurate schedule of the insurance policies or self-insurance funds maintained by Wordsworth covering the ownership and operations of Wordsworth, indicating the type of insurance, policy numbers, identity of insurers, amounts, and coverage of each (the **"Wordsworth Insurance Policies"**).

(ii) All of the Wordsworth Insurance Policies are in full force and effect with no premium arrearage. Wordsworth has given in a timely manner to their insurers all notices required to be given under the Wordsworth Insurance Policies with respect to all of the claims and actions covered by insurance, and no insurer has denied coverage of any such claims or actions.

(iii) Wordsworth has not received any notice or other communication from any such insurance company canceling or materially amending any Wordsworth Insurance Policies or threatening to cancel or amend any Wordsworth Insurance Policy, and Wordsworth

has not failed to give any required notice or present any claim that is still outstanding under any of such Wordsworth Insurance Policies with respect to Wordsworth.

IN WITNESS WHEREOF, the undersigned have each set their hand and seal this 27th
day of June, 2017.

 (SEAL)
Diana Ramsay, Interim Chief Executive Officer

 (SEAL)
Donald Stewart, Chief Financial Officer

Schedules to Certificate of Representations and Warranties of Wordsworth:

Schedule B(ii)(b):	Consents
Schedule D:	Legal and Regulatory Compliance; Legal Proceedings
Schedule E(i):	Employees and Independent Contractors
Schedule E(ii):	Employment Taxes
Schedule E(iii):	Benefit Plans and Programs
Schedule H:	Change in Financial Conditions
Schedule I:	Limitations of Licenses
Schedule J:	Contracts
Schedule L(i)	Real Property
Schedule L(vi)	Leased Real Property
Schedule M:	Regulatory Compliance
Schedule N:	Insurance

SCHEDULE B(ii)(b)

Consents

Approval of the Pennsylvania Department of Human Services

Approval of the Pennsylvania Department of Education

Approval of Community Behavioral Health

[REDACTED]
SCHEDULE D

Legal and Regulatory Compliance; Legal Proceedings

General Liability Litigation

1. Mary Smith v. Wordsworth

2. Trequan Russell aka Shayana Russell v. Wordsworth—filed in CCP Philadelphia,

Employment

1. Marianne Infante v. Wordsworth—filed in Montgomery County CCP 2012-08179

2. Varnell Johnson v. Wordsworth—filed in EDPA 16-5724 (complaint attached).

Motor Vehicle

1. Canady and Diggs v. Wordsworth and Green—filed in Phila CCP April term, 2016-0433

RTF License Appeal

SCHEDULE E(I)

Employees and Independent Contractors

[CONFIDENTIAL]

Attachment 2

[List of Subcontractors and Staffing Agencies]

List of Staffing Agencies and Subcontractors

I. Wordsworth Academy (4A)

Abington Speech Pathology Inc.

Austill's Rehabilitation Services, Inc.

Axion Of Pennsylvania LLC

Career Concepts Inc.

FMA Professional Resources, Inc.

G4S Secure Solutions

General Healthcare Resource

Humanus Corporation

People Share LLC

Staffing Plus, Inc.

Top of the Clock Security

US Medical Staffing, Inc.

VNA Community Services Inc.

II. Wordsworth CUA 5 (4B)

Alliance Human Service

A Second Chance, Inc.

Being Beautiful

Bethanna

Bethany Christian Services

Carson Valley Children's Aid

Catholic Social Services

Children's Choice, Inc.
Children's Home of Easton
Children's Service, Inc.
Childway
Child First Services
Concern Professional Services
Concilio
Delta Community Supports
Devereux Foundation
Elwyn
First Home Care
Friendship House
George Junior Republic
Jewish Family & Children's Service
Juvenile Justice Center/Philadelphia
Kids Peace
Methodist Family Services
New Foundations
Northeast Treatment
Northern Children's Services
(PATH) People Acting to Help
Pediatric Specialty Care – Philadelphia
Pediatric Specialty Care – Point Pleasant
Pedia Manor
Pradera Corporation

Presbyterian Children's Village

Progressive Life Center, Inc.

Silver Springs

Tabor Children's Services

The Villa

Turning Points For Children

Valley Youth House

Visionquest

Woods Services

Youth Service, Inc.

III. Wordsworth CUA 10 (4C)

Alliance Human Service

A Second Chance Inc.

Being Beautiful

Bethanna

Bethany Christian Services

Carson Valley Children's Aid

Catholic Social Services

Children's Choice, Inc.

Children's Home of Easton

Children's Service, Inc.

Child First Services

Concilio

Concern Professional Services

Delta Community Supports

Devereux Foundation

Elwyn

First Choice Home & Community

First Home Care

Friendship House

George Junior Republic

Jewish Family & Children's Service

Juvenile Justice Center – Philadelphia

Kids Peace

New Foundations

Northeast Treatment

Northern Children's Services

Pradera Corporation

Presbyterian Children's Village

Progressive Life Center, Inc.

Silver Springs

Tabor Children's Services

The Villa

Turning Points for Children

Valley Youth House

Visionquest

Woods Services

Youth Service, Inc.