

# Agenda

## Economic Development Corporation

### Board of Directors



City of Kalamazoo

Thursday, December 18, 2025

7:45 AM

CPED Main Conference Room - 245 N. Rose Street, Suite 100

**A. CALL TO ORDER/ROLL CALL**

**B. ADOPTION OF FORMAL AGENDA**

**C. APPROVAL OF MINUTES**

1. Approval of the minutes of the Economic Development Corporation special meeting on December 11, 2025. **(Action: Motion to Approve)**

**D. PUBLIC COMMENTS**

**E. DIRECTOR COMMENTS**

**F. NEW BUSINESS**

1. Adoption of the Economic Development Corporation Board of Directors 2026 Meeting Schedule. **(Action: Motion to Adopt the 2026 Meeting Schedule of the Economic Development Corporation).** *(5 min)*

**G. UNFINISHED BUSINESS**

1. Friendship Village of Kalamazoo Project Bond Authorizing Resolution **(Action: Motion to adopt the resolution authorizing the issuance and sale of limited obligation revenue bonds (Friendship Village of Kalamazoo Project), series 2026 in an aggregate principal amount not to exceed \$120,000,000, for the purpose of making a loan to Lifecare, Inc. dba Friendship Village, a Michigan Nonprofit Corporation, for the purposes described herein; authorizing the execution and delivery of the loan agreement, the cold indenture, the bond purchase agreement, and approving certain other documents with respect thereto; approving distribution of the preliminary official statement and the official statement; and authorizing and determining other matters relative thereto.)** *(3-5 min)*

2. Social Equity Cannabis Chamber Annual Presentation *(20 min)*
3. Adoption of a Resolution Approving of Social Equity Fund 2026 Budget (**Action: Motion to Approve the 2026 Social Equity Fund Budget.**) *(5 min)*

#### **H. COMMUNICATIONS AND ANNOUNCEMENTS**

1. Correspondence from Jerrid Burdue *(5 min)*

#### **I. STAFF REPORTS AND UPDATES**

#### **J. ADJOURNMENT**

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**CITY OF KALAMAZOO**  
**ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING**  
**Thursday, December 11, 2025**  
**Community Planning and Economic Development**  
**245 N. Rose Street, Kalamazoo, MI 49007**

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**MEMBERS PRESENT:** Sharon Ferraro; Michael Gurnee; Rachel Bair; Scott Petersen; Lucas Middleton; Eddie Warr; Kyle Gulau; T.J. Ward

**MEMBERS ABSENT:** Alonzo Wilson; Jason Novotny; Andrew Schipper;

**CITY STAFF PRESENT:** Bobby Boyd (Economic Development Supervisor); Jessica Wood (Attorney, Dickinson-Wright); Erin Hahn (Business Specialist); Antonio Mitchell (Director of Community Planning and Economic Development)

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Meeting was called to order at 8:41 AM by Chair Middleton.

**MOTION TO EXCUSE ABSENT MEMBERS:** Director Bair moved to excuse absent members; seconded by Director Gurnee. Motion approved by voice vote unanimously.

**APPROVAL OF AGENDA:** Director Gurnee moved approval of the agenda; seconded by Director Bair. Motion approved by voice vote unanimously.

**PUBLIC COMMENTS**

None.

## DIRECTORS' COMMENTS

None.

### NEW BUSINESS

**1. Presentation and Discussion from Bobby Boyd, Economic Development Supervisor, and Dr. Sarah Crane, Consultant with Restorative Economics, on the Economic Development Strategy and the Public Relations and Business Attraction Strategy.**

Sarah Crane opened the meeting with an introduction to the Restorative Economics Group and the services they provide. Antonio Mitchell followed with an overview of the history and purpose of the EDC and the vision guiding the new strategy. Bobby Boyd then presented the business attraction strategy.

The board discussed which parts of the vision felt most meaningful. Comments highlighted the value of emphasizing education, community creativity, support for entrepreneurs, and the focus on growing neighborhoods where residents can thrive. Some members noted that public reaction to the concept of a “vibrant downtown” may be mixed, and there was a suggestion to incorporate a broader regional perspective into the vision.

The group reviewed the proposed objectives and identified driving engagement, unifying City branding, showcasing real stories, and attracting new investment as the most essential. Several members raised questions about audience clarity, emphasizing that the strategy must target the right groups—primarily site selectors and business decision-makers—while also serving a secondary purpose of informing residents.

Concerns were raised about the City’s current perception as not fully pro-business or pro-development and the need to clarify incentives, define desired investment outcomes, and strengthen business-friendliness.

There was broad interest in tracking meaningful metrics beyond financial totals and using a dashboard that the board could review quarterly. Members referenced examples from other cities, including St. Louis and Grand Rapids, and suggested collaboration with KVCC, WMU, and K College as part of positioning Kalamazoo as an education-focused city.

Additional comments included ensuring communications use vertical video for social media, adding Southwest Michigan First to the partner list, and clarifying City branding to reduce confusion among external partners.

Board members also asked for meeting materials to be sent earlier—ideally one week in advance, with at least 48 hours as a minimum.

#### **ADJOURNMENT**

Chair Middleton adjourned the meeting at 11:00 A.M.

## 2026 Economic Development Corporation/Brownfield Redevelopment Authority Board Meeting Schedule

Meeting Time: 7:45 AM, Brownfield Redevelopment Authority immediately following

Meeting Day: Third Thursday of each month

Location: Community Planning & Economic Development (CPED) – Main Conference Room

Month	Date	Start Time	Location
January	Thursday, January 15, 2026	7:45 AM	CPED Main Conference Room
February	Thursday, February 19, 2026	7:45 AM	CPED Main Conference Room
March	Thursday, March 19, 2026	7:45 AM	CPED Main Conference Room
April	Thursday, April 16, 2026	7:45 AM	CPED Main Conference Room
May	Thursday, May 21, 2026	7:45 AM	CPED Main Conference Room
June	Thursday, June 18, 2026	7:45 AM	CPED Main Conference Room
July	Thursday, July 16, 2026	7:45 AM	CPED Main Conference Room
August	Thursday, August 20, 2026	7:45 AM	CPED Main Conference Room
September	Thursday, September 17, 2026	7:45 AM	CPED Main Conference Room
October	Thursday, October 15, 2026	7:45 AM	CPED Main Conference Room
November	Thursday, November 19, 2026	7:45 AM	CPED Main Conference Room
December	Thursday, December 17, 2026	7:45 AM	CPED Main Conference Room

THE ECONOMIC DEVELOPMENT CORPORATION  
OF THE CITY OF KALAMAZOO

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LIMITED OBLIGATION REVENUE BONDS  
(FRIENDSHIP VILLAGE OF KALAMAZOO PROJECT), SERIES 2026

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LIMITED OBLIGATION REVENUE BONDS (FRIENDSHIP VILLAGE OF KALAMAZOO PROJECT), SERIES 2026 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$120,000,000, FOR THE PURPOSE OF MAKING A LOAN TO LIFECARE, INC., D/B/A FRIENDSHIP VILLAGE, A MICHIGAN NONPROFIT CORPORATION, FOR THE PURPOSES DESCRIBED HEREIN; AUTHORIZING THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT, THE BOND INDENTURE, THE BOND PURCHASE AGREEMENT AND APPROVING CERTAIN OTHER DOCUMENTS WITH RESPECT THERETO; APPROVING DISTRIBUTION OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT; AND AUTHORIZING AND DETERMINING OTHER MATTERS RELATIVE THERETO.

## PREMISES

The Economic Development Corporation of the City of Kalamazoo (the “Issuer”) is empowered under Act 338, Public Acts of Michigan, 1974, as amended (the “Act”), to assist in the financing or refinancing of certain projects and facilities through the issuance of its limited obligation revenue bonds and limited obligation revenue refunding bonds.

Lifecare, Inc., doing business as Friendship Village, a Michigan nonprofit corporation (the “Corporation”) desires to undertake certain improvements on the campus of the Corporation’s continuum care retirement community located in the City of Kalamazoo, Michigan (the “City”) consisting of (i) acquiring, constructing, furnishing and equipping a new approximately 36-unit (40-bed) skilled nursing facility and a new approximately 76-unit independent living facility; (ii) renovating and improving existing commons and amenities spaces; (iii) renovating, furnishing and equipping certain existing facilities; (iv) renovating and upgrading landscaping and walking paths; and (v) constructing underground and surface parking lots (collectively, the “Project”).

The Corporation has requested that the Issuer issue one or more series of revenue bonds (collectively, the “Bonds”) and loan the proceeds therefrom to the Corporation to be used by the Corporation, together with other available funds, (i) to pay the costs of the Project, (ii) to refinance certain indebtedness of the Corporation incurred in connection with interim costs associated with the Project, (iii) to fund a debt service reserve fund for the Bonds, (iv) to pay capitalized interest on the Bonds, and (v) to pay the costs of issuance of the Bonds (the foregoing collectively referred to herein as the “Plan of Financing”).

The Bonds will be issued pursuant to a Bond Indenture, dated as of January 1, 2026 (the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The proceeds of the Bonds will be loaned to the Corporation pursuant to a Loan Agreement, dated as of January 1, 2026 (the “Agreement”), between the Issuer and the Corporation, for itself and as Obligated Group Agent on behalf of the Obligated Group. Under the terms of the Agreement, the Corporation and the other Members of the Obligated Group will under all circumstances pay amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds. Upon full payment of the Bonds or provision therefor, the Obligated Group’s obligations to make payments under the Agreement will be terminated.

As further security for the payment of the Bonds, concurrently with the issuance by the Issuer of the Bonds, the Corporation will issue and deliver to the Issuer its Friendship Village of Kalamazoo Obligated Group Direct Note Obligation No. 4 (The Economic Development Corporation of the City of Kalamazoo) and its Friendship Village of Kalamazoo Obligated Group Direct Note Obligation No. 5 (The Economic Development Corporation of the City of Kalamazoo) (collectively, the “Series 2026 Obligations”) pursuant to a Master Trust Indenture dated as of July 1, 2021, among the Corporation, the other Members of the Obligated Group, and The Bank of New York Mellon Trust Company, N.A., as master trustee, as supplemented by a Supplemental Master Indenture Number 4 dated as of January 1, 2026 (the “Fourth Supplemental Indenture”).

Pursuant to the Indenture, the Issuer will assign and pledge its right, title and interest in the Agreement, the Series 2026 Obligations and the Fourth Supplemental Indenture to the Trustee for the benefit of the owners of the Bonds, and as security for the Bonds.

The Issuer's participation in the issuance of the Bonds is to enable the Corporation to utilize applicable provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"). Section 103 of the Code encourages the acquisition of certain facilities and the public financing or refinancing thereof through limited obligation revenue bonds and revenue refunding bonds by providing that the interest on such bonds, as contrasted with any bonds issued by the Corporation itself, will be excluded from gross income for Federal income tax purposes. This tax exclusion enables the purchaser of the Bonds to accept a lower rate of interest, and, since the Corporation bears the interest cost of the Bonds, reduces the Corporation's borrowing costs.

The Issuer has determined that granting the loan requested by the Corporation and issuing the Bonds as hereinafter provided will promote and serve the intended purposes of, and in all respects will conform to the provisions and requirements of, the Act, and on the basis of representations of the Corporation, has determined to issue the Bonds, subject to the following condition: Principal of and interest on the Bonds and any other cost or liability relating to the Bonds or the issuance or sale thereof, or the costs related to the Plan of Financing and the performance of any obligation of the Issuer under the Agreement, the Indenture, the Bond Purchase Agreement (hereinafter defined), or the Preliminary Official Statement or the Official Statement (hereinafter defined) shall never be payable from tax revenues or other public or general funds of the Issuer or the City, but shall be payable only from the sources described in the Indenture, or otherwise by the Corporation.

The Corporation has estimated the amounts necessary for the payment of the costs of the Plan of Financing to be paid from the proceeds of the Bonds to be not more than \$120,000,000. The Corporation has arranged for the purchase of the Bonds by B.C. Ziegler and Company (the "Underwriter") pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") among the Corporation, the Underwriter and the Issuer.

The Issuer, the Corporation, the Trustee and the Underwriter have substantially completed negotiation and drafting of the Agreement, the Indenture, the Bond Purchase Agreement and the Preliminary Official Statement and have submitted these documents to the Issuer for review and action. It is now appropriate for the Issuer to act on the proposed documents and the proposed issuance and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. Determination of Necessity. The payment of the costs of the Plan of Financing constitutes a public purpose under the Act and is necessary to achieve the purposes of the Act.

SECTION 2. Issuance of Bonds. The Bonds shall be issued in one or more series by the Issuer in the aggregate principal amount of not to exceed \$120,000,000 for the purpose of providing funds to make a loan to the Corporation, the proceeds of which will be used, together

with other available funds of the Corporation, to pay the costs of the Plan of Financing described herein. The Bonds shall be issued in such form and denominations as provided in the Indenture.

The Chair and Secretary of the Issuer (each an “Authorized Officer”) are each individually authorized to accept the offer of the Underwriter to purchase the Bonds pursuant to the Bond Purchase Agreement and to approve the final terms of the Bonds, including the aggregate principal amount of the Bonds and the purchase price, the fixed interest rate or rates, the maturity dates and amounts, and the optional, mandatory and extraordinary redemption dates and prices, subject, however, to the following limitations:

- (a) The aggregate principal amount of the Bonds shall not exceed \$120,000,000;
- (b) The average interest rate on the Bonds shall not exceed seven and one-half percent (7.5%); and
- (c) The final maturity date of the Bonds shall be not later than August 15, 2065.

The Issuer’s approval and acceptance of the final terms of the Bonds shall be evidenced by the execution of the Indenture by an Authorized Officer.

SECTION 3. Approval of Documents. The forms of the Agreement, the Indenture, the Bond Purchase Agreement, the Series 2026 Obligations, the Fourth Supplemental Indenture and the Preliminary Official Statement relating to the Bonds (the “Preliminary Official Statement”) on file with the Secretary are hereby approved, subject to such changes and insertions as, upon the advice of Bond Counsel, are not materially adverse to the Issuer or the City. Each Authorized Officer is individually authorized, on behalf of the Issuer, to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the U.S. Securities and Exchange Commission. The use and distribution of the Preliminary Official Statement in connection with the marketing of the Bonds by the Underwriter is hereby ratified and confirmed.

Each Authorized Officer is individually authorized to approve the final Official Statement relating to the Bonds (the “Official Statement”) and to execute the same on behalf of the Issuer, if necessary. Each Authorized Officer is authorized to approve such supplements or amendments to the Official Statement as may be necessary or advisable in order to assure that the statements therein are, and as of the time the Bonds are delivered to the Underwriter will be true, and that it does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

SECTION 4. Execution and Delivery of the Agreement, Indenture and Bond Purchase Agreement. The Chair, Secretary, or any other officer of the Board are each hereby authorized to execute, deliver, attest and seal, if required, the Agreement, the Indenture and the Bond Purchase Agreement, all in the forms approved hereby, with such changes and insertions in such documents as may be necessary or desirable, permitted by the Act and otherwise by law, and not materially adverse to the Issuer or the City in the opinion of Bond Counsel.

SECTION 5. Execution, Sale and Delivery of the Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signatures of the Chair and Secretary of the

Issuer. The Trustee, by a duly authorized signatory thereof, shall authenticate the Bonds. Unless and until the certificate of authentication on the Bonds shall have been duly executed by the Trustee, no Bond shall be valid or obligatory for any purpose or entitled to any right or benefit under the Indenture, and such executed certificate of authentication on a Bond by an authorized signatory of the Trustee shall be conclusive evidence that such Bond has been authenticated and delivered under the Indenture.

The Bonds shall be purchased by the Underwriter on the terms and conditions set forth in the Bond Purchase Agreement, and shall be delivered by the Chair or Secretary to the Underwriter upon receipt by the Trustee on behalf of the Issuer of the proceeds of the Bonds, in accordance with the Indenture.

SECTION 6. Approval of Filings and Submissions with Other Governmental Agencies. The Chair, Secretary, all other officers, members, staff, counsel, and Bond Counsel for the Issuer, or any of them, are authorized on behalf of the Issuer to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency, in order that the Bonds may be validly issued and the interest thereon be excluded from gross income for Federal income tax purposes, and to execute such powers of attorney as may be appropriate in connection with the foregoing.

SECTION 7. Authorization of Other Documents. The Chair, Secretary, all other officers, members, staff, counsel, and Bond Counsel for the Issuer, or any of them, are hereby authorized to execute, date and deliver such other agreements, certificates, documents, instruments, and opinions and other papers as may be required by the Agreement, the Indenture, the Bond Purchase Agreement, or by the Underwriter, or as may be necessary or convenient to effectuate the sale and delivery of the Bonds in accordance with the terms of the Agreement, the Indenture and the Bond Purchase Agreement.

SECTION 8. Limited Obligations. The Bonds shall be limited obligations of the Issuer, and except to the extent payable from the proceeds of the Bonds or the investment thereof, the principal of, premium, if any, and interest on the Bonds shall be payable solely from the sources specified in, and shall be secured as provided by, the Indenture. The Bonds and the interest thereon shall not be deemed to constitute a debt or liability of the City and the City shall not be liable thereon. Nothing in the Bonds, the Indenture, the Agreement, the proceedings of the Issuer authorizing the issuance of the Bonds or the Act shall be construed to authorize the Issuer to create debt of the City within the meaning of any constitutional or statutory provision of the State of Michigan.

Nothing in this resolution, the Bonds, the Indenture, the Agreement, or the Bond Purchase Agreement shall be construed as an obligation or commitment by the Issuer to expend any of its funds other than the amounts due under the provisions of the Agreement for the payment of the principal of, premium, if any, and interest on the Bonds from the limited sources described in the Indenture.

SECTION 9. Conflict and Effectiveness. All resolutions and parts of resolutions or other proceedings of the Issuer in conflict herewith are repealed to the extent of such conflict. This resolution shall become effective upon adoption.

SECTION 10. Definitions. The words used herein and in the Premises shall have, where not otherwise indicated, those meanings established in the Indenture.

I certify that the foregoing constitutes a true and complete copy of a resolution duly adopted by the Board of Directors of The Economic Development Corporation of the City of Kalamazoo, at a regular meeting held on the 18<sup>th</sup> day of December, 2025, and that the meeting was conducted and public notice of the meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, that due and proper notice was given to the Directors, and that the minutes of the meeting were kept and will be or have been made available as required by the Act.

I certify that the following Directors were present at the meeting:

\_\_\_\_\_  
\_\_\_\_\_

and that the following Directors were absent: \_\_\_\_\_

\_\_\_\_\_.

I certify that Director \_\_\_\_\_ moved adoption of the resolution, and that the motion was supported by Director \_\_\_\_\_.

I certify that the following Directors voted for adoption of the resolution:

\_\_\_\_\_  
\_\_\_\_\_.

and that the following Directors voted against adoption of the resolution:

\_\_\_\_\_  
\_\_\_\_\_.

\_\_\_\_\_  
Secretary

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**NEW ISSUE/BOOK-ENTRY**

*In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, subject to compliance with certain covenants, under existing law, (i) interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (iii) the Series 2026 Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except for estate, inheritance and transfer taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein and APPENDIX E hereto.*

[INSERT HERITAGE LOGO]

**\$[107,260,000]\***  
**THE ECONOMIC DEVELOPMENT CORPORATION**  
**OF THE CITY OF KALAMAZOO**  
**Limited Obligation Revenue Bonds**  
**(Friendship Village of Kalamazoo Project)**

**\$[75,355,000]\***  
**Revenue Bonds, Series 2026A**  
**Final CUSIP†: \_\_\_\_\_ †**

**\$[13,135,000]\***  
**Revenue Bonds, Series 2026B-1**  
**Tax Exempt Mandatory**  
**Paydown Securities**  
**(TEMPS-85<sup>SM</sup>)**  
**CUSIP†: \_\_\_\_\_ †**

**\$[18,770,000]\***  
**Revenue Bonds, Series 2026B-2**  
**Tax Exempt Mandatory**  
**Paydown Securities**  
**(TEMPS-50<sup>SM</sup>)**  
**CUSIP†: \_\_\_\_\_ †**

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Dates, Interest Rates, Prices or Yields and Maturities are Shown on the Inside of the Front Cover

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The Economic Development Corporation of the City of Kalamazoo (the "Issuer") is issuing its \$[107,260,000]\* Limited Obligation Revenue Bonds (Friendship Village of Kalamazoo Project), Series 2026A (the "Series 2026A Bonds"), Series 2026B-1 Tax Exempt Mandatory Paydown Securities (TEMPS-85<sup>SM</sup>) (the "Series 2026B-1 Bonds") and Series 2026B-2 Tax Exempt Mandatory Paydown Securities (TEMPS-50<sup>SM</sup>) (the "Series 2026B-2 Bonds" and together with the Series 2026B-1 Bonds, the "Series 2026B Bonds;" and together with the Series 2026A Bonds, the "Series 2026 Bonds") under a Bond Indenture (the "Bond Indenture"), dated as of January 1, 2026, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"). The Series 2026A Bonds will bear interest (based on a 360 day year of twelve 30 day months) at the rates set forth on the inside cover hereof, payable semiannually on February 15 and August 15 of each year, commencing August 15, 2026, and mature on the dates set forth on the inside cover page hereof.

The proceeds of the Series 2026 Bonds will be loaned to Lifecare, Inc., d/b/a Friendship Village, a Michigan nonprofit corporation (the "Corporation"), pursuant to a Loan Agreement dated as of January 1, 2026 (as described herein) and will be used to: (i) pay or reimburse the Corporation for the costs of the Project (as defined herein), (ii) refinance the Prior Loan (as defined herein), (iii) make a deposit to the Funded Interest Account, (iv) make a deposit to the Debt Service Reserve Fund for credit to the several Reserve Accounts established therein, and (v) pay the costs of issuing the Series 2026 Bonds. A more detailed description of the use of the proceeds from the sale of the Series 2026 Bonds is included under the captions "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE."

The Series 2026 Bonds and the interest payable thereon are limited obligations of the Issuer and are payable solely from and secured exclusively by (1) the Series 2026 Obligations (as defined herein) issued by the Corporation, as Obligated Group Agent on behalf of the Obligated Group under a Master Trust Indenture dated as of July 1, 2021, among the Corporation, for itself and as Obligated Group Agent on behalf of the Obligated Group, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), as previously supplemented and as supplemented by Supplemental Master Indenture Number 4 dated as of January 1, 2026 (as supplemented, the "Master Indenture"), between the Corporation, as Obligated Group Agent and the Master Trustee; (2) certain rights (except Unassigned Rights) of the Issuer under the Loan Agreement; (3) the funds and accounts (excluding the Rebate Fund), including the money and investments in them, which the Bond Trustee holds under the terms of the Bond Indenture; and (4) such other property as may from time to time be pledged to the Bond Trustee as additional security for the Series 2026 Bonds or which may come into possession of the Bond Trustee pursuant to the terms of the Loan Agreement or the Series 2026 Obligations. The Corporation has also executed and delivered a Mortgage (as defined herein) naming the Master Trustee as beneficiary to secure the payment of its obligations under the Master Indenture. The sources of payment of, and security for, the Series 2026 Bonds are more fully described in this Official Statement.

**The Series 2026 Bonds are subject to acceleration of maturity, optional, mandatory and extraordinary redemption under the circumstances described herein.**

The Series 2026 Bonds will be issued in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2026 Bonds are issuable only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2026 Bonds. Purchasers of the Series 2026 Bonds will not receive certificates representing their interest in the Series 2026 Bonds purchased. Ownership by the beneficial owners of the Series 2026 Bonds will be evidenced by book-entry only. Principal of and interest on the Series 2026 Bonds will be paid by the Bond Trustee to DTC, which in turn will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Series 2026 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2026 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

An investment in the Series 2026 Bonds involves a certain degree of risk related to the nature of the Corporation's business, the regulatory environment, and the provisions of the principal documents. A prospective Bondholder is advised to read "SECURITY FOR THE SERIES 2026 BONDS," "SECURITY FOR THE SERIES 2026 OBLIGATIONS" and "CERTAIN BONDHOLDERS' RISKS" herein for a discussion of certain risk factors which should be considered in connection with an investment in the Series 2026 Bonds.

**THE SERIES 2026 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AS DESCRIBED IN THIS OFFICIAL STATEMENT. THE SERIES 2026 BONDS ARE NOT GENERAL OBLIGATIONS AND DO NOT CONSTITUTE DEBTS OR PLEDGES AGAINST THE CREDIT OF THE ISSUER OR THE CREDIT OR TAXING POWER OF THE CITY OF KALAMAZOO, THE STATE OF MICHIGAN OR ANY POLITICAL SUBDIVISION THEREOF. THE SERIES 2026 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, WHICH WILL, IF AND WHEN ISSUED, BE PAYABLE SOLELY THROUGH REVENUES, PROPERTIES OR OTHER FUNDS AS DESCRIBED IN THIS OFFICIAL STATEMENT, THE BOND INDENTURE AND THE LOAN AGREEMENT. NO OWNER OF ANY SERIES 2026 BOND SHALL HAVE THE RIGHT TO DEMAND PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON SUCH SERIES 2026 BOND OUT OF ANY FUNDS TO BE RAISED BY TAXATION. THE ISSUER HAS NO TAXING POWER.**

The Series 2026 Bonds are being offered, subject to prior sale and withdrawal of such offer without notice, when, as and if issued by the Issuer and accepted by the Underwriter, B.C. Ziegler and Company, subject to the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Corporation by its counsel, Lewis Reed & Allen, P.C., Kalamazoo, Michigan; and for the Underwriter by its counsel, Dinsmore & Shohl LLP, Columbus, Ohio. It is expected that the Series 2026 Bonds in definitive form will be available for delivery through the services of DTC on or about January \_\_, 2026.

This cover page contains certain information for ease of reference only. It does not constitute a summary of the Series 2026 Bonds or the security therefor. Potential investors must read this entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

**[INSERT ZIEGLER LOGO]**

Official Statement dated January \_\_, 2026

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<sup>SM</sup> TEMPS-85 and TEMPS-50 are each a service mark of B.C. Ziegler and Company.

†CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2026 Bonds only at the time of issuance of the Series 2026 Bonds, and the Issuer, the Corporation, the Bond Trustee and the Underwriter do not make any representations with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of the Series 2026 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Series 2026 Bonds.

**THE SERIES 2026A BONDS\***

**Interest Accrues from Date of Delivery**

**Due: August 15, as shown below**

The Series 2026A Bonds will be issuable in fully registered form without coupons in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Interest on the Series 2026A Bonds will be payable on each February 15 and August 15, commencing on August 15, 2026.\* The Series 2026A Bonds will be subject to redemption prior to maturity, as more fully described herein.

**\$\_[ ] TERM BONDS\***

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_ , Yield \_\_\_\_\_ %<sup>C</sup> CUSIP<sup>†</sup>: 483228 \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_ , Yield \_\_\_\_\_ %<sup>C</sup> CUSIP<sup>†</sup>: 483228 \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_ , Yield \_\_\_\_\_ %<sup>C</sup> CUSIP<sup>†</sup>: 483228 \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_ , Yield \_\_\_\_\_ %<sup>C</sup> CUSIP<sup>†</sup>: 483228 \_\_\_\_\_

\*Priced at the stated yield to the August 15, 20\_\_ optional redemption date at a redemption price of 100%.

**THE SERIES 2026B BONDS\***

**Interest Accrues from Date of Delivery**

**Due: August 15, as shown below**

The Series 2026B Bonds will be issuable in fully registered form without coupons in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Interest on the Series 2026B Bonds will be payable on each February 15 and August 15, commencing on August 15, 2026.\* The Series 2026B Bonds will be subject to redemption prior to maturity, as more fully described herein.

	<u>MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE PER ANNUM</u>	<u>YIELD</u>	<u>PRICE</u>	<u>CUSIP<sup>†</sup></u>
Series 2026B-1						483228 _____
Series 2026B-2						483228 _____

\* Preliminary, subject to change

<sup>C</sup> Priced to optional redemption date of [\_\_\_\_\_, 20\_\_] at a redemption price of par.

<sup>†</sup>CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2026 Bonds only at the time of issuance of the Series 2026 Bonds, and the Issuer, the Corporation, the Bond Trustee and the Underwriter do not make any representations with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of the Series 2026 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Series 2026 Bonds

**[Insert Artwork]**

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## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, sales representative or other person has been authorized by the Issuer, the Corporation or the Underwriter to give any information or to make any representations other than those contained in this Limited Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein concerning the Corporation has been furnished by the Corporation and is believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer or the Underwriter. This Limited Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Except where otherwise indicated, this Official Statement speaks as of the date hereof. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Corporation since the date hereof.

The Issuer has provided the information set forth under the headings “THE ISSUER” and “LITIGATION – The Issuer” and makes no representation, warranty or certification as to the adequacy or accuracy of the information set forth elsewhere in the Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information contained in this Official Statement has been furnished by the Corporation, the Issuer, DTC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE BOND INDENTURE AND THE MASTER INDENTURE HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2026 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2026 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2026 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2026 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING  
STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “anticipate” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in APPENDIX A – “SELECTED INFORMATION REGARDING LIFECARE, INC. D/B/A FRIENDSHIP VILLAGE” herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CORPORATION DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT (“ORIGINAL BOUND FORMAT”), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITE OR [WWW.EMMA.MSRB.ORG](http://WWW.EMMA.MSRB.ORG).

**OFFICIAL STATEMENT**

**[\$107,260,000]\***

**THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF KALAMAZOO  
LIMITED OBLIGATION REVENUE BONDS  
(FRIENDSHIP VILLAGE OF KALAMAZOO PROJECT)  
consisting of**

**[\$75,355,000]\***  
**Revenue Bonds, Series 2026A**  
**Final CUSIP†: \_\_\_\_\_ †**

**[\$13,135,000]\***  
**Revenue Bonds, Series 2026B-1**  
**Tax Exempt Mandatory**  
**Paydown Securities**  
**(TEMPS-85<sup>SM</sup>)**  
**CUSIP†: \_\_\_\_\_ †**

**[\$18,770,000]\***  
**Revenue Bonds, Series 2026B-2**  
**Tax Exempt Mandatory**  
**Paydown Securities**  
**(TEMPS-50<sup>SM</sup>)**  
**CUSIP†: \_\_\_\_\_ †**

**INTRODUCTION**

This Introduction is intended only to serve as a brief description of this Official Statement and is expressly qualified by reference to the Official Statement as a whole, as well as the documents summarized or described herein or attached hereto. All capitalized terms used in this Official Statement and not otherwise defined herein are defined in the documents attached hereto in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.” This Official Statement speaks only as of its date, and the information contained herein is subject to change. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein regarding any such documents are qualified in their entirety by reference to such documents.

**The Issuer**

The Economic Development Corporation of the City of Kalamazoo (the “Issuer”) is a public body corporate duly created and existing under and by virtue of the laws of the State of Michigan (the “State”) and is authorized to issue the Series 2026 Bonds (as herein defined) pursuant to Act 338, Public Acts of Michigan, 1974, as amended (the “Act”). For further information concerning the Issuer, see the information under the caption “THE ISSUER.”

**The Corporation**

Lifecare, Inc., d/b/a Friendship Village, a Michigan nonprofit (the “Corporation”) was incorporated in 1971 as a Michigan nonprofit corporation for the purpose of providing housing, health care and other related services to the elderly. The Corporation owns a 364-unit residential continuing care retirement community known as Friendship Village of Kalamazoo (the “Community”) that is situated on 72 acres of land on the west side of Kalamazoo, Michigan. The Community consists of 230 independent living units (50 garden homes and 180 apartments), 77 assisted living units (Woodside), of which 23 are memory care units, and 57 skilled nursing beds divided between long term care (Health Center/41 beds) and a rehabilitation unit (Rehab/16 beds). The Corporation is the sole Member of the Obligated Group established under the Master Indenture. The Corporation serves as Obligated Group Agent under the Master Indenture.

For more information regarding the Corporation and the Community, see “THE CORPORATION

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\* Preliminary, subject to change

AND THE COMMUNITY” herein and in APPENDIX A hereto. The audited financial statements of the Corporation, as of September 30, 2023, 2024 and 2025 and for the years then ended, are attached hereto as APPENDIX B.

### **The Manager**

In 1975, the Corporation retained Life Care Services LLC, d/b/a Life Care Services, an Iowa limited liability company (the “Manager”), to manage the Community pursuant to the terms of a Management Agreement. The current Management Agreement commenced on October 1, 2022 and expires on September 30, 2027. The Manager receives a monthly management fee for its services, which include: providing marketing and sales support; providing compliance support with respect to federal and state regulations and licensing requirements; preparing annual budgets; establishing and maintaining a system of financial controls for the Corporation, including comparative operating statistics; and providing personnel and human resources support. See APPENDIX A – “THE MANAGER” for additional information regarding the Manager and the Management Agreement.

### **Purpose of this Official Statement**

This Official Statement, including the cover page and Appendices hereto, is provided to furnish information with respect to the issuance, sale and delivery by the Issuer of its Limited Obligation Revenue Bonds (Friendship Village of Kalamazoo Project) consisting of Series 2026A (the “Series 2026A Bonds”), Series 2026B-1 Tax Exempt Mandatory Paydown Securities (TEMPS-85<sup>SM</sup>) (the “Series 2026B-1 Bonds”) and Series 2026B-2 Tax Exempt Mandatory Paydown Securities (TEMPS-50<sup>SM</sup>) (the “Series 2026B-2 Bonds”) and together with the Series 2026B-1 Bonds, the “Series 2026B Bonds”). The Series 2026A Bonds and the Series 2026B Bonds are collectively referred to as the “Bonds” or the “Series 2026 Bonds.”

### **The Series 2026 Bonds**

The Series 2026 Bonds will be issued pursuant to the Act, a resolution of the Issuer (the “Resolution”) and a Bond Indenture dated as of January 1, 2026 (the “Bond Indenture”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”).

### **Purpose of the Series 2026 Bonds**

The proceeds of the Series 2026 Bonds will be loaned to the Corporation pursuant to a Loan Agreement dated as of January 1, 2026 (the “Loan Agreement”) between the Issuer and the Corporation, for itself and as Obligated Group Agent on behalf of the Obligated Group, and will be used, together with other available funds described herein, to: (i) pay or reimburse the Corporation for the costs of the Project (as defined below), (ii) refinance the Prior Loan (as defined below), (iii) make a deposit to the Funded Interest Account, (iv) make a deposit to the Debt Service Reserve Fund for credit to the several Reserve Accounts established therein, and (iv) pay the costs of issuing the Series 2026 Bonds. A more detailed description of the use of the proceeds from the sale of the Series 2026 Bonds is included under the captions “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE” herein.

### **Security for the Series 2026 Bonds**

**Limited Obligations of the Issuer.** THE SERIES 2026 BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER AND SHALL BE PAYABLE SOLELY FROM THE FUNDS AND SECURITY PLEDGED TO THE PAYMENT THEREOF BY THE BOND INDENTURE. THE SERIES 2026 BONDS SHALL NOT CONSTITUTE OR CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE CITY OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE ISSUER, OR A

LOAN OF THE CREDIT OF THE CITY OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY OR OF ANY SUCH POLITICAL SUBDIVISION, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE SERIES 2026 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

**Bond Indenture and Loan Agreement.** The Series 2026 Bonds will be issued under, and will be equally and ratably secured by the Bond Indenture, pursuant to which the Issuer will assign and pledge to the Bond Trustee, as security for the payment of principal of, premium, if any, and interest on the Series 2026 Bonds: (a) all Loan Repayments received by the Issuer under the Loan Agreement, which Loan Repayments are to be paid directly to the Bond Trustee and deposited in the Bond Payment Fund; (b) all moneys in the Bond Proceeds Fund and the Bond Payment Fund, including the proceeds of the Series 2026 Bonds pending disbursement thereof; (c) all of the Issuer’s rights and interest in the Series 2026 Obligations and all sums payable in respect of the indebtedness evidenced thereby, and all right, title and interest of the Issuer under the Master Indenture and the Fourth Supplemental Master Indenture as the holder of the Series 2026 Obligations; (d) all of the Issuer’s rights and interest in the Loan Agreement, except the Unassigned Rights; and (e) all of the proceeds of the foregoing, including without limitation investments thereof. See “SECURITY FOR THE SERIES 2026 BONDS” herein.

The Issuer and the Corporation, for itself and as Obligated Group Agent on behalf of the Obligated Group, will enter into the Loan Agreement with respect to the Series 2026 Bonds, whereby the Issuer will loan the proceeds of the Series 2026 Bonds to the Corporation, and the Corporation will agree to make Loan Repayments sufficient to pay in full when due all principal of, and redemption premium, if any, and interest on the Series 2026 Bonds and the administrative fees of the Bond Trustee. See “SECURITY FOR THE SERIES 2026 BONDS – General.” See also APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – Loan Agreement” attached hereto. The Issuer will pledge and assign certain of its rights under the Loan Agreement to the Bond Trustee as security for the Series 2026 Bonds.

### **Debt Service Reserve Fund**

Payment of the principal of, premium, if any, and interest on the Series 2026A Bonds will be additionally secured by moneys deposited to the credit of the Series 2026A Reserve Account of the Debt Service Reserve Fund established under the Bond Indenture. See “SECURITY FOR THE SERIES 2026 BONDS—Debt Service Reserve Fund—Series 2026A Reserve Account” herein. Payment of the principal of, and interest on, the Series 2026B-1 Bonds will be additionally secured by moneys deposited to the credit of the Series 2026B-1 Reserve Account established under the Bond Indenture. Payment of the principal of, and interest on, the Series 2026B-2 Bonds will be additionally secured by moneys deposited to the credit of the Series 2026B-2 Reserve Account established under the Bond Indenture. See “SECURITY FOR THE SERIES 2026 BONDS – Debt Service Reserve Fund – Series 2026B Reserve Accounts” herein.

### **The Master Indenture and the Series 2026 Obligations**

The obligation of the Corporation to repay (i) the portion of the loan from the Issuer relating to the Series 2026A Bonds will be evidenced by the Obligated Group’s Direct Note Obligation No. 4 in the aggregate principal amount of \$[75,355,000]\* (the “Series 2026A Obligation”) and (ii) the portion of the loan from the Issuer relating to the Series 2026B Bonds will be evidenced by the Obligated Group’s Direct Note Obligation No. 5 in the aggregate principal amount of \$[31,905,000]\* (the “Series 2026B Obligation”)

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\* Preliminary, subject to change

and, together with the Series 2026A Obligation, the “Series 2026 Obligations”), each issued under and entitled to the benefit and security of the Master Indenture. The Series 2026 Obligations will be issued pursuant to the Master Indenture, as supplemented by a Supplemental Master Indenture Number 4 to the Master Indenture, dated as of January 1, 2026 (the “Fourth Supplemental Master Indenture”).

The Obligated Group has previously issued its Direct Note Obligation No. 1 (the “MSF Obligation”) pursuant to and secured by the Master Indenture as security for its payment obligations with respect to the \$8,685,000 original principal amount Limited Obligation Revenue Refunding Bonds (Friendship Village of Kalamazoo), Series 2021 issued by the Michigan Strategic Fund (the “MSF Bonds”) and its Direct Note Obligation No. 2 (the “EDC Obligation” and, together with the MSF Obligation, the “Series 2021 Obligations”) pursuant to and secured by the Master Indenture as security for its payment obligations with respect to the \$11,965,000 original principal amount Limited Obligation Revenue and Revenue Refunding Bonds (Friendship Village of Kalamazoo), Series 2021 issued by The Economic Development Corporation of the City of Kalamazoo (the “EDC Bonds” and, together with the MSF Bonds, the “Series 2021 Bonds”). At the time of issuance of the Series 2026 Bonds, the outstanding principal amount of the Series 2021 Obligations will be \$[REDACTED].

The Obligated Group has also previously issued its Direct Note Obligation No. 3 (the “2025 Obligation”) pursuant to and secured by the Master Indenture as security for its payment obligations with respect to its Business Loan Agreement dated as of August 28, 2025, with Old National Bank in a principal amount not to exceed \$8,000,000. The Corporation intends to retire the 2025 Obligation with a portion of the proceeds of the Series 2026 Bonds. See “PLAN OF FINANCE” herein.

The Obligated Group will issue the Series 2026 Obligations to the Issuer to evidence the loan of the proceeds of the Series 2026 Bonds and the Issuer will assign and pledge (i) the Series 2026A Obligation to the Bond Trustee as security for the Series 2026A Bonds and (ii) the Series 2026B Obligation to the Bond Trustee as security for the Series 2026B Bonds. The terms of the Series 2026 Obligations will require payments by the Obligated Group which, together with other moneys available therefor (and interest earned thereon), will be sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds.

The Series 2026 Obligations will entitle the Bond Trustee, as the holder thereof, to the protection of the covenants, restrictions and other obligations imposed upon the Obligated Group by the Master Indenture. The Members of the Obligated Group will be jointly and severally liable on all Obligations, including the Series 2026 Obligations, which are issued pursuant to the Master Indenture. The Series 2026 Obligations will be secured on a parity basis with the Series 2021 Obligations and any other Obligations hereafter issued under the Master Indenture by (i) a mortgage on the Mortgaged Property described below and (ii) a security interest in the Gross Revenues of the Obligated Group, subject in each case only to Permitted Encumbrances. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS – General.”

In certain circumstances, the Members of the Obligated Group may issue Additional Obligations under the Master Indenture that may be equally and ratably secured with the Obligations outstanding under the Master Indenture, including the Series 2026 Obligations. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS – Additional Indebtedness” below.

**The Corporation is currently the only Member of the Obligated Group. The Corporation has no current plans to add additional members to the Obligated Group.**

## **Security for the Series 2026 Obligations**

Each Series 2026 Obligations will constitute an unconditional promise by each Member of the Obligated Group to pay amounts sufficient to pay principal of (whether at maturity, by acceleration or call for redemption) and premium, if any, and interest on the related series of Bonds. Each Obligation will entitle the holder thereof to the protection of the covenants, restrictions and other obligations imposed upon the Members of the Obligated Group by the Master Indenture. The Obligated Group will be obligated on all Obligations, including the Series 2026 Obligations, which are issued pursuant to the Master Indenture. All Obligations issued by the Corporation and the other Members of the Obligated Group will be equally and ratably secured by (i) a mortgage on the Facilities and the fixtures thereon and (ii) a security interest in the Gross Revenues of the Obligated Group, subject in each case only to Permitted Encumbrances. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS – General.”

In certain circumstances, a Member of the Obligated Group may issue Additional Obligations under the Master Indenture that may be equally and ratably secured with the Obligations outstanding under the Master Indenture, including the Series 2026 Obligations. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS – Additional Indebtedness.”

### **The Mortgage**

Pursuant to a Mortgage dated as of July 1, 2021, as amended by a First Amendment to Mortgage dated August 28, 2025 and a Second Amendment to Mortgage to be delivered on the date of issuance of the Series 2026 Bonds (collectively, the “Mortgage”) made by the Corporation in favor of the Master Trustee, the Members of the Obligated Group have granted the Master Trustee: (i) a first mortgage lien on the real property in the City of Kalamazoo, Michigan on which the Community is located and (ii) a security interest in the fixtures located on such real property (collectively, the “Mortgaged Property”), in each case subject to Permitted Encumbrances, as security for the payment of the Series 2026 Obligations, the Series 2021 Obligation and all other Obligations hereafter issued under the Master Indenture. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS—Mortgage” herein. See also the Mortgage in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” for a description of the collateral granted under the Mortgage.

**Security Interest in Gross Revenues.** Pursuant to the Master Indenture, each Member of the Obligated Group has granted a security interest (subject to Permitted Encumbrances) in its Gross Revenues as security for the payment of the Series 2026 Obligations and all other Obligations previously and hereafter issued under the Master Indenture. See “SECURITY FOR THE SERIES 2026 BONDS” and “CERTAIN BONDHOLDERS’ RISKS – Certain Matters Relating to Enforceability of Master Indenture” herein.

### **Debt Service Coverage Ratio; Liquidity Covenant**

Pursuant to the Master Indenture, the Members of the Obligated Group covenant to maintain a Debt Service Coverage Ratio of at least 1.20:1 tested as of September 30 each year and to maintain not less than [ ] Days Cash on Hand, which will be tested as of March 31 and September 30 of each year. See “SECURITY FOR THE SERIES 2026 BONDS” below.

### **Additional Obligations and Additional Indebtedness**

The Master Indenture permits the Members of the Obligated Group to issue Additional Indebtedness (including Guaranties) which may, but need not, be evidenced or secured by an Additional Obligation issued under the Master Indenture that will be equally and ratably secured with the Series 2021 Obligations and the Series 2026 Obligations, or that may be entitled to the benefit of security in addition to

that securing the Series 2026 Obligations, which security need not be extended to any other Obligations. The Master Indenture requires that the Obligated Group meet certain operating and financial tests prior to issuing new indebtedness or entering in certain other transactions. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS – Additional Indebtedness.” The Series 2021 Obligations and the Series 2026 Obligations and any Additional Obligations to be issued by the Obligated Group under the Master Indenture (whether or not pledged under the Bond Indenture or any Related Bond Indenture) are collectively referred to herein as the “Obligations.”

### **Bondholders’ Risks**

An investment in the Series 2026 Bonds involves a certain degree of risk, including without limitation those risks described under the heading “CERTAIN BONDHOLDERS’ RISKS” herein. A prospective Bondholder is advised to read “SECURITY FOR THE SERIES 2026 BONDS”, “SECURITY FOR THE SERIES 2026 OBLIGATIONS” and “CERTAIN BONDHOLDERS’ RISKS” for a discussion of certain risk factors that should be considered in connection with an investment in the Series 2026 Bonds. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement. Among other things, careful evaluation should be made of certain factors that may adversely affect the ability of the Obligated Group to generate sufficient revenues to pay expenses of operations, including the principal of and interest on the Series 2026 Bonds.

### **Continuing Disclosure**

Inasmuch as the Series 2026 Bonds are limited obligations of the Issuer, no financial or operating data concerning it is material to any decision to purchase, hold or sell the Series 2026 Bonds. The Issuer has not, and will not, undertake any responsibilities to provide continuing disclosure with respect to the Series 2026 Bonds or the security therefor, and the Issuer will have no liability to holders of the Series 2026 Bonds with respect to any such disclosure. The Corporation, however, has agreed to make certain financial information and operating data available to holders of the Series 2026 Bonds as described below. The Corporation is solely responsible for providing such disclosure, and the Issuer shall have no responsibility or liability to the holders of the Series 2026 Bonds or any other person for the making, monitoring or content of such disclosures.

The Corporation will covenant on behalf of the Obligated Group to provide or cause to be provided each year the financial information and operating data relating to the Obligated Group for the benefit of the holders and Beneficial Owners of the Series 2026 Bonds, pursuant to a Continuing Disclosure Undertaking to be executed and delivered by the Corporation. See the information under the caption “CONTINUING DISCLOSURE.” See also APPENDIX F — “FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

### **Book-Entry System**

The Series 2026 Bonds, when issued, will be payable solely in book-entry form through The Depository Trust Company. See “BOOK-ENTRY ONLY SYSTEM” herein.

## **THE ISSUER**

The Issuer is a public body corporate, duly organized and existing under the laws of the State of Michigan (the “State”) including, particularly, Act 338 of the Public Acts of Michigan of 1974, as amended (the “Act”). The Issuer is authorized under the Act, among other things, to (i) finance all or any part of the costs of certain commercial projects; (ii) issue its limited obligation revenue bonds to finance such projects

and refund prior issues; and (iii) pledge the income and revenues to be received with respect to such projects sufficient for the payment of such bonds and the interest thereon.

The Issuer may issue its bonds, notes or other obligations for any of its purposes. Neither the directors, officers, employees nor agents of the Issuer nor any person executing the Series 2026 Bonds will be personally liable on the Series 2026 Bonds by reason of the issuance thereof.

**The Series 2026 Bonds are limited obligations of the Issuer payable solely and only from the revenues and other amounts pledged therefor pursuant to the Bond Indenture. The Series 2026 Bonds will not constitute a general obligation of the Issuer or a debt or liability of the City of Kalamazoo (the “City”) within the meaning of any state constitutional provision or statutory limitation and will not constitute a pledge of the faith and credit of the City. The issuance of the Series 2026 Bonds will not directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment. The Issuer has no taxing power.**

**The Issuer has not approved, prepared or assisted in the preparation of this Official Statement except for the statements in this section and under “LITIGATION - The Issuer,” in respect of the Issuer. The Issuer is not responsible for any statements made herein, and will not participate in, or otherwise be responsible for, the offer, sale or distribution of the Series 2026 Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosure set forth herein made in connection with the offer, sale and distribution of the Series 2026 Bonds.**

## **THE CORPORATION AND THE COMMUNITY**

The Corporation was incorporated in 1971 as a Michigan nonprofit corporation for the purpose of providing housing, health care and other related services to the elderly. The Corporation has received a determination letter from the Internal Revenue Service that it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), is exempt from federal income taxation under Section 501(a) of the Code and is not a private foundation under Section 509(a) of the Code.

The Corporation owns a 364-unit residential continuing care retirement community, known as Friendship Village of Kalamazoo (the “Community”) situated on 72 acres of land on the west side of Kalamazoo, Michigan. The Community consists of 230 independent living units (50 garden homes and 180 apartments), 77 assisted living units (Woodside) of which 23 are memory care units, and 57 skilled nursing beds divided between long term care (41 beds) and a rehabilitation unit (16 beds). For more information concerning the history, governance, organization, facilities, operations and financial performance of the Corporation and the Members of the Obligated Group, see APPENDIX A, APPENDIX B and APPENDIX C hereto.

See “PLAN OF FINANCE — The Project” below and APPENDIX A and APPENDIX C hereto for a description of the expansion to the Community that will be financed with proceeds of the Series 2026 Bonds.

## **PLAN OF FINANCE**

### **General**

The Corporation will use the proceeds from the sale of the Series 2026 Bonds, together with other available funds, to (i) pay or reimburse the Corporation for the costs of the Project (as defined below), (ii) refinance the Prior Loan (as defined below), (iii) make a deposit to the Funded Interest Account, (iv) make a deposit to the Debt Service Reserve Fund for credit to the several Reserve Accounts established therein,

and (iv) pay the costs of issuing the Series 2026 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” below.

### **The Project**

The Corporation will use a portion of the Bond proceeds to pay a portion of the costs of constructing, installing and equipping a new 76-unit independent living apartment building to be known as “The Atlee” and a new 40-bed long-term skilled nursing center to replace the existing 41-bed skilled nursing facility, both to be located on the Corporation’s continuing care retirement community campus located in Kalamazoo, Michigan (collectively, the “Project”) and to reimburse costs in connection with the Project.

See APPENDIX A and APPENDIX C hereto for more information regarding the Project. See “CERTAIN BONDHOLDERS’ RISKS — Construction Risks” herein for a discussion of factors potentially affecting timing and completion of the Project.

### **The Prior Loan**

The Corporation will also use a portion of the proceeds of the Series 2026 Bonds to refinance the outstanding indebtedness incurred by the Corporation to Old National Bank pursuant to that certain Business Loan Agreement, dated as of August 28, 2025, between the Corporation and Old National Bank (the “Prior Loan”).

**ESTIMATED SOURCES AND USES OF FUNDS\***

The proceeds of the Series 2026 Bonds, together with certain other available funds, are expected to be applied, net of investment earnings, as follows:

**SOURCES OF FUNDS**

Series 2026A Bonds	\$ _____
Series 2026B-1 Bonds	
Series 2026B-2 Bonds	
[Net] Original Issue Premium/Discount	
Corporation Equity Contribution	_____
<b>Total Sources of Funds</b>	<b>\$ _____</b>

**USES OF FUNDS**

Project Account	\$ _____
Retirement of the Prior Loan	
Series 2026A Reserve Account <sup>(1)</sup>	
Series 2026B-1 Reserve Account <sup>(2)</sup>	
Series 2026B-2 Reserve Account <sup>(2)</sup>	
Funded Interest <sup>(3)</sup>	
Costs of Issuance <sup>(4)</sup>	_____
<b>Total Uses of Funds</b>	<b>\$ _____</b>

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- (1) See “SECURITY FOR THE SERIES 2026 BONDS —Debt Service Reserve Fund—Series 2026A Reserve Account.”
  - (2) See “SECURITY FOR THE SERIES 2026 BONDS — Debt Service Reserve Fund— Series 2026B Reserve Accounts.”
  - (3) Proceeds of the Series 2026 Bonds will be used to pay interest on the Series 2026 Bonds for approximately 19 months after issuance of the Series 2026 Bonds.
  - (4) Includes Underwriter’s discount, legal, accounting, financial feasibility study, administrative, additional proceeds and miscellaneous fees and expenses.

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\* Preliminary, subject to change

## ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the estimated amounts required for the payment of principal of the Series 2026 Bonds and other long-term indebtedness of the Obligated Group at maturity or by mandatory sinking fund redemption and for the anticipated payment of principal of the Series 2026B Bonds from anticipated Entrance Fees in compliance with the requirements of the Fourth Supplemental Master Indenture and for the payment of interest on the Series 2026 Bonds for each Bond Year ending August 15. In addition, pursuant to the relevant provisions of the Master Indenture, the Obligated Group anticipates prepaying the Series 2026B-2 Bonds and the Series 2026B-1 Bonds (in that order) from Entrance Fees prior to their stated maturity. The actual timing of the prepayment of the Series 2026B-2 Bonds and the Series 2026B-1 Bonds may differ from the assumptions below because of timing differences in the actual receipt of Entrance Fees. See “THE SERIES 2026 BONDS — The Series 2026B Bonds — Mandatory Entrance Fee Redemption” and “SECURITY FOR THE SERIES 2026 OBLIGATIONS — Entrance Fee Fund” herein.

[INSERT ANNUAL DEBT SERVICE REQUIREMENTS TABLE]

## THE SERIES 2026 BONDS

### General

Specific information about each series of Bonds, unique to that series, is contained in the applicable section below. Information about security for the Series 2026 Bonds is contained in “SECURITY FOR THE SERIES 2026 BONDS” herein.

The Series 2026 Bonds of each series and the interest thereon are limited obligations of the Issuer, payable solely from and secured exclusively by certain payments to be made by the Corporation under the Loan Agreement and certain other funds held by the Bond Trustee under the Bond Indenture and not from any other fund or source of the Issuer. THE ISSUER SHALL NOT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY OF THE SERIES 2026 BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT UNDERTAKEN BY THE ISSUER EXCEPT TO THE EXTENT THAT THE MONEYS PLEDGED IN THE BOND INDENTURE ARE SUFFICIENT THEREFOR.

THE SERIES 2026 BONDS ARE NOT A GENERAL OBLIGATION OF THE ISSUER AND SHALL BE PAYABLE SOLELY FROM THE FUNDS AND SECURITY PLEDGED TO THE PAYMENT THEREOF BY THE BOND INDENTURE. THE SERIES 2026 BONDS SHALL NOT CONSTITUTE OR CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE CITY OF KALAMAZOO, MICHIGAN (THE “CITY”) OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE ISSUER, OR A LOAN OF THE CREDIT OF THE CITY OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY OR OF ANY SUCH POLITICAL SUBDIVISION, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE SERIES 2026 BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE ISSUER HAS NO TAXING POWER.

No covenant, stipulation, obligation or agreement contained in the Bond Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, agent or employee of the Issuer in his individual capacity, and neither the directors nor any other officer of the Issuer executing the Series 2026 Bonds shall be liable personally on the Series 2026 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No director and no other officer, agent or employee of the Issuer shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Bond Indenture.

The Series 2026 Bonds will be issued only in fully registered form in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Interest on the Series 2026 Bonds shall be payable to the registered owner of record as of the close of business on the first day of the calendar month in which the Interest Payment Date occurs. So long as Cede & Co. is the registered owner, the Bond Trustee will pay the principal of, premium, if any, and interest on the Series 2026 Bonds to DTC, which will remit such principal, premium, if any, and interest to the Beneficial Owners (as hereinafter defined) on the Series 2026 Bonds, as described under the caption “BOOK-ENTRY ONLY SYSTEM” below.

So long as Cede & Co., as nominee of The Depository Trust Company (“DTC”), is the registered owner of the Series 2026 Bonds, beneficial ownerships in the Series 2026 Bonds may be transferred only through a DTC Participant or Indirect Participant and recorded on the book-entry only system operated by DTC. See “BOOK –ENTRY ONLY SYSTEM” below.

**The Series 2026A Bonds\***

The Series 2026A Bonds will accrue interest from the date of delivery, except as otherwise provided in the Bond Indenture. The Series 2026A Bonds will bear interest (based on a 360 day year of twelve 30 day months) at the rates set forth on the inside cover hereof, payable semiannually on February 15 and August 15 of each year, commencing August 15, 2026 (each, an “Interest Payment Date”), and mature on the dates set forth on the inside cover page hereof.

*Optional Redemption.* The Series 2026A Bonds maturing on or after August 15, 20\_\_ are subject to optional redemption prior to maturity by the Issuer at the direction of the Corporation, in whole or in part, on any date on or after August 15, 20\_\_ at the redemption prices set forth below (expressed as a percentage of the principal amount being redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 15, 20__ through August 14, 20__	103%
August 15, 20__ through August 14, 20__	102%
August 15, 20__ through August 14, 20__	101%
August 15, 20__ and thereafter	100%

*Mandatory Sinking Fund Redemption.* The Series 2026A Bonds maturing on August 15, 20\_\_, August 15, 20\_\_, August 15, 20\_\_ and August 15, 20\_\_ (the “Term Bonds”) shall be subject to mandatory redemption, in part, by lot, subject to adjustment as provided in the Bond Indenture, at par plus accrued interest to the dates of redemption set forth below in the following amounts, without premium:

Term Bonds Maturing August 15, 20\_\_

<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>	<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>
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\*Stated maturity

Term Bonds Maturing August 15, 20\_\_

<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>	<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>
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\*Stated maturity

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\* Preliminary, subject to change

Term Bonds Maturing August 15, 20\_\_

<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>	<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>
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\*Stated maturity

Term Bonds Maturing August 15, 20\_\_

<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>	<u>Redemption Dates</u> <u>(August 15)</u>	<u>Principal</u> <u>Amounts</u>
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\*Stated maturity

Pursuant to the Bond Indenture, the Corporation may reduce the principal amount of the Series 2026A Bonds of the maturity so required to be redeemed on any such date by surrendering to the Bond Trustee for cancellation Series 2026A Bonds or redeeming, other than through sinking fund redemption, Series 2026A Bonds.

**The Series 2026B Bonds\***

The Series 2026B Bonds will accrue interest from the date of delivery, except as otherwise provided in the Bond Indenture. The Series 2026B Bonds will bear interest (based on a 360 day year of twelve 30 day months) at the rate set forth on the inside cover hereof, payable semiannually on February 15 and August 15 of each year, commencing August 15, 2026 (each, an “Interest Payment Date”), and mature on the dates set forth on the inside cover page hereof.

*Optional Redemption.* The Series 2026B-1 Bonds are subject to optional redemption prior to maturity by the Issuer at the direction of the Corporation on any day on or after August 15, 20\_\_; and the Series 2026B-2 Bonds are subject to optional redemption prior to maturity on any day on or after August 15, 20\_\_. The Series 2026B Bonds may be redeemed in whole or in part upon not less than 30 days written notice to the Bond Trustee at a redemption price equal to the principal amount of such Series 2026B Bonds to be redeemed, together with accrued interest to the date of redemption.

*No Mandatory Sinking Fund Redemption.* The Series 2026B Bonds are not redeemable with sinking fund payments prior to their maturity. See “*Mandatory Entrance Fee Redemption*” immediately below.

*Mandatory Entrance Fee Redemption.* The Series 2026B-1 Bonds and the Series 2026B-2 Bonds are subject to mandatory redemption monthly at a redemption price equal to the principal amount thereof

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\* Preliminary, subject to change

plus accrued interest to the redemption date, to the extent moneys are on deposit in the Entrance Fee Redemption Account of the Bond Payment Fund as provided and further described in the Bond Indenture. The Series 2026B-2 Bonds shall be redeemed first, and then, if no Series 2026B-2 Bonds remain outstanding, the Series 2026B-1 Bonds shall be redeemed. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS — Entrance Fee Fund.”

### **Extraordinary Optional Redemption Resulting from Damage or Condemnation**

The Series 2026 Bonds are callable for redemption prior to maturity, in the event that any Member of the Obligated Group, as a result of damage to or destruction of, or the condemnation of, or sale consummated under threat of condemnation of, the Facilities of any Member of the Obligated Group or any part thereof, receives any insurance proceeds or condemnation award or proceeds with respect to any sale consummated under threat of condemnation, and the Net Proceeds of such insurance or condemnation award or sale exceed the greater of (a) 3% of the Book Value or, at the option of the Obligated Group Agent, the Current Value, of the Property, Plant and Equipment of the Obligated Group (as such terms are defined in the Master Indenture) or (b) \$3,000,000 plus an amount equal to \$3,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index (as such term is defined in the Master Indenture) from its level as of July 1, 2021, and such Member of the Obligated Group elects to apply all or a portion of such Net Proceeds to the prepayment of Obligations pursuant to the Master Indenture. If such Member elects to apply all or a portion of such Net Proceeds to the prepayment of Obligations pursuant to the Master Indenture, the Net Proceeds to be applied to the prepayment of Obligations shall be deposited with the Master Trustee and the Master Trustee shall deposit with the Bond Trustee (for credit to the Bond Principal Account) the ratable share of such Net Proceeds to be paid to the holder of the Series 2026 Obligations as a prepayment thereof. Promptly thereafter, the Corporation shall give notice to the Bond Trustee of the redemption of maturities of the Outstanding Bonds in any order of maturity as specified by the Corporation, and thereupon Outstanding Bonds, sufficient in principal amount, together with accrued interest thereon, to as nearly as practicable deplete the sum of any Net Proceeds transferred to the Bond Principal Account shall be called for redemption by the Bond Trustee at the earliest possible date for which notice can be given in accordance with the Bond Indenture at a redemption price equal to the principal amount of the Series 2026 Bonds to be redeemed together with accrued interest to the date fixed for redemption of the Series 2026 Bonds to be redeemed without premium. See APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS – Bond Indenture.”

### **Partial Redemption**

In the event that less than all of the Outstanding Bonds or portions thereof are to be redeemed, Bonds to be optionally redeemed will be selected first from any Outstanding Series 2026B-2 Bonds, then from any Outstanding Series 2026B-1 Bonds and then from any Outstanding Series 2026A Bonds. In the event that less than all of the Outstanding Bonds or portions thereof are to be redeemed, the Corporation may select the particular maturities of such series to be redeemed. If less than all Bonds or portions thereof of a single maturity are to be redeemed, they will be selected by DTC or by lot in such manner as the Bond Trustee may determine. The portion of any Bond to be redeemed shall be in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof. In selecting Bonds for redemption, the Bond Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of the Bond by \$5,000.

### **Notice of Redemption and Conditional Notice**

The Corporation shall give written notice to the Bond Trustee of the Corporation’s election or direction to redeem Bonds, the date of redemption, and the principal amounts of each maturity to be redeemed at least thirty (30) days prior to the redemption date or such shorter period as shall be acceptable

to the Bond Trustee. The Bond Trustee shall give notice of the call of any Bonds for redemption by first class mail, postage prepaid, not less than twenty (20) days nor more than sixty (60) days before the redemption date, to the registered owners of any Bonds or portions of Bonds to be redeemed, and at the registered addresses, as the same last appears on the registration books of the Issuer. Failure to receive any such notice shall not affect the validity of the proceedings for redemption.

In the case of an optional redemption of Bonds as described above, the notice of redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the redemption date or (ii) that the Corporation retains the right to rescind such notice at any time on or before the fifth Business Day prior to the redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described below.

Any Conditional Redemption may be rescinded in whole or in part at any time on or prior to the fifth Business Day prior to the redemption date at the direction of the Corporation delivered to the Bond Trustee instructing the Bond Trustee to rescind the redemption notice. The Bond Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding Bonds, and the rescission shall not constitute an event of default under the Bond Indenture. Further, in the case of a Conditional Redemption, the failure of the Corporation to make funds available in part or in whole on or before the redemption date shall not constitute an event of default under the Bond Indenture, and the Bond Trustee shall give notice transmitted by electronic means, in writing, by telecopier or other electronic means or by telephone (promptly confirmed in writing), to DTC (or a successor securities depository) or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding Bonds.

### **Effect of Redemption**

On the date fixed for redemption, proper notice having been given and moneys for payment of the redemption price, together with accrued interest to the redemption date, being held in a separate account by the Bond Trustee in trust for the registered owners of the Series 2026 Bonds or portions of the Series 2026 Bonds to be redeemed, the Series 2026 Bonds or portions of the Series 2026 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of the Series 2026 Bonds or portions of the Series 2026 Bonds on that date, interest on the Series 2026 Bonds or portions of the Series 2026 Bonds called for redemption shall cease to accrue, the Series 2026 Bonds or portions of the Series 2026 Bonds so called for redemption shall cease to be entitled to any benefit or security under the Bond Indenture and the registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, together with accrued interest to the redemption date, and, to the extent provided in the Bond Indenture, to receive the Series 2026 Bonds for any unredeemed portions of the Series 2026 Bonds.

### **Defeasance**

The Bond Indenture provides that the Series 2026 Bonds, or any portion thereof, may be defeased prior to maturity or redemption by the deposit of moneys or Government Obligations, or a combination thereof, sufficient to provide for the payment of all principal and interest on the Series 2026 Bonds through maturity or the date upon which the Series 2026 Bonds will be redeemed pursuant to the Bond Indenture. Bonds that are defeased will no longer be entitled to any security under the Bond Indenture, except for the right to payment from such moneys or Government Obligations. See the Bond Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.”

## **Restrictions on Initial Ownership**

Pursuant to the requirements of the Bond Indenture, each initial beneficial owner of the Series 2026 Bonds must be either (i) a “Qualified Institutional Buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended) or (ii) an “Accredited Investor” (as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended) that, in either case, has provided an “Investor Letter,” in the form set forth in APPENDIX G to this Official Statement, to the Issuer and the Bond Trustee.

## **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), will act as the depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond in the aggregate principal amount of each maturity and series will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard and Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (“Beneficial Owner” and collectively, the “Beneficial Owners”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a Direct Participant or Indirect Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners will be forwarded in writing by such Direct Participant or Indirect Participant.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments ("MMI") Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the Issuer as soon as possible after the Record Date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the Record Date (identified in a listing attached to the "Omnibus Proxy").

Principal and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Trustee or the Issuer, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee or the Issuer. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Issuer and the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository with respect to the Series 2026 Bonds). In that event, Series 2026 Bond certificates will be printed and delivered as described.

THE INFORMATION PROVIDED ABOVE HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE CORPORATION OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

For so long as the Series 2026 Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2026 Bonds for all purposes, including payments, notices and voting.

Under the Bond Indenture, payments made by the Bond Trustee to DTC or its nominee will satisfy the Issuer's obligations under the Bond Indenture and the Corporation's obligations under the Loan Agreement, to the extent of the payments so made.

None of the Issuer, the Underwriter, the Corporation nor the Bond Trustee will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2026 Bond, (ii) the delivery to any Direct Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Series 2026 Bonds including, without limitation, any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Series 2026 Bond, (iii) the payment of any Direct Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Series 2026 Bonds or (iv) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2026 Bonds or (v) any other related matter.

The Issuer and the Corporation cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Series 2026 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2026 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

Prior to any discontinuation of the book-entry only system described above, the Issuer and the Bond Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series 2026 Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Series 2026 Bonds, (ii) giving notices of redemption and other matters with respect to the Series 2026 Bonds, (iii) registering transfers with respect to the Series 2026 Bonds and (iv) the selection of Series 2026 Bonds for redemption.

## SECURITY FOR THE SERIES 2026 BONDS

### General

The Bonds will be issued under, and will be equally and ratably secured by, the Bond Indenture. The Series 2026 Bonds and the interest and any premium thereon shall be a limited obligation of the Issuer, and shall be secured by and payable only from the following:

- (a) all Loan Repayments received by the Issuer under the Loan Agreement, which Loan Repayments are to be paid directly to the Bond Trustee and deposited in the Bond Payment Fund;
- (b) all moneys in the Bond Proceeds Fund and the Bond Payment Fund, including the proceeds of the Series 2026 Bonds pending disbursement thereof;
- (c) all of the Issuer's rights and interest in the Series 2026 Obligations and all sums payable in respect of the indebtedness evidenced thereby, and all right, title and interest of the Issuer under the Master Indenture and the Fourth Supplemental Master Indenture as the holder of the Series 2026 Obligations;
- (d) all of the Issuer's rights and interest in the Loan Agreement, except the Unassigned Rights; and
- (e) all of the proceeds of the foregoing, including without limitation investments thereof.

The foregoing is collectively the "Security." In consideration of the purchase of the Series 2026 Bonds and to secure payment of the principal of, premium, if any, and interest on the Series 2026 Bonds and any other cost or pecuniary liability of the Issuer relating to the Series 2026 Bonds or any proceeding, document or certification incidental to the issuance of the Series 2026 Bonds, and to secure performance and observance of all covenants, terms and conditions upon which the Series 2026 Bonds are to be issued, including without limitation the Bond Indenture, the Issuer, pursuant to the Bond Indenture, will convey, assign and pledge all of its right, title and interest in, and grant a security interest in, the Security to the Bond Trustee, and its successors and assigns, in trust for the benefit of the Bondholders.

The Issuer will enter into the Loan Agreement with respect to the Series 2026 Bonds with the Corporation, whereby the Issuer will loan the proceeds of the Series 2026 Bonds to the Corporation, and the Corporation will agree to make Loan Repayments sufficient to pay in full when due all principal of, and redemption premium, if any, and interest on the Series 2026 Bonds. The Loan Agreement will provide that the Corporation shall make designated payments to the Bond Trustee in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2026 Bonds when due. The Obligated Group's obligation to make payments on the Series 2026 Obligations shall be satisfied to the extent payments are made by the Corporation under the Loan Agreement. The Loan Agreement will also impose certain restrictions on the actions of the Corporation for the benefit of the Issuer and the owners of the Series 2026 Bonds.

### Limited Obligations

The Series 2026 Bonds are not a general obligation of the Issuer and shall be payable solely from the funds and security pledged to the payment thereof by the Bond Indenture. The Series 2026 Bonds shall not constitute or create any debt or liability on behalf of the City of Kalamazoo, Michigan (the "City") or any political subdivision thereof, other than the Issuer, or a loan of the credit of the City or a pledge of the faith and credit of the City or of any such political subdivision, but shall be payable solely from the funds provided therefor under the Bond Indenture. The Series 2026 Bonds shall not directly or indirectly or

contingently obligate the City or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Issuer has no taxing power.

### **Bond Payment Fund**

The Bond Indenture creates and establishes a Bond Payment Fund. Within the Bond Payment Fund there is created under the terms of the Bond Indenture three separate accounts designated “Bond Interest Account,” “Bond Principal Account,” and “Entrance Fee Redemption Account.” All payments on the Series 2026 Obligations (other than moneys to be deposited to the credit of the Debt Service Reserve Fund or the Rebate Fund) are required by the Bond Indenture to be deposited into the Bond Payment Fund. All amounts on deposit in the Bond Interest Account and the Bond Principal Account of the Bond Payment Fund are pledged to the Bond Trustee for the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds (other than the Series 2026B Bonds) on a *pro rata* basis.

There shall be deposited into the Entrance Fee Redemption Account all moneys received by the Bond Trustee from the Master Trustee on each Entrance Fee Transfer Date pursuant to the Master Indenture for deposit therein.

The moneys in the Entrance Fee Redemption Account, except as otherwise provided in the Bond Indenture, shall be used by the Bond Trustee to pay the redemption price of, first, the Series 2026B-2 Bonds and, second, the Series 2026B-1 Bonds, on each Entrance Fee Redemption Date as provided in the Bond Indenture.

See the Bond Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.”

### **Debt Service Reserve Fund**

Pursuant to the Bond Indenture, the Bond Trustee shall establish a Debt Service Reserve Fund (the “Debt Service Reserve Fund”) and within the Debt Service Reserve Fund three separate accounts designated “Series 2026A Reserve Account,” “Series 2026B-1 Reserve Account” and “Series 2026B-2 Reserve Account.” Moneys held for the credit of the Series 2026A Reserve Account of the Debt Service Reserve Fund shall be used to provide a reserve for payment of the principal of and interest on the Series 2026A Bonds. Moneys held for the credit of the Series 2026B-1 Reserve Account and the Series 2026B-2 Reserve Account of the Debt Service Reserve Fund shall be used to provide a reserve for payment of the principal of and interest on the Series 2026B-1 Bonds and the Series 2026B-2 Bonds, respectively.

In addition to the deposits to the Reserve Accounts required by the Bond Indenture as described below, there will be deposited into the appropriate Reserve Account of the Debt Service Reserve Fund all amounts received by the Bond Trustee from the Obligated Group for deposit therein pursuant to the Loan Agreement. In addition, there will be deposited into the appropriate Reserve Account of the Debt Service Reserve Fund all moneys required to be transferred thereto pursuant to the Bond Indenture, and all other moneys received by or for the account of the Issuer from or on behalf of any Member of the Obligated Group when accompanied by directions that such moneys are to be paid into such Reserve Account.

Except as provided in the Bond Indenture, moneys in each Reserve Account in the Debt Service Reserve Fund shall be applied by the Bond Trustee solely for the payment of the principal of and interest on the related series or subseries of Bonds in the event moneys in the Bond Payment Fund and the Funded Interest Account are insufficient to make such payments on such series or subseries of Bonds when due, whether on an interest payment date, redemption date, maturity date, acceleration date or otherwise.

Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice and the election by the Bond Trustee to accelerate the Series 2026 Bonds, any moneys held for the credit of the Debt Service Reserve Fund shall be transferred by the Bond Trustee to the Bond Payment Fund and applied in accordance with the Bond Indenture.

In the event of the redemption of any series or subseries of Bonds, any moneys on deposit in the applicable Reserve Account of the Debt Reserve Fund in excess of the applicable Reserve Account Requirement on the Series 2026 Bonds of such series or subseries to be Outstanding immediately after such redemption may be transferred to the Bond Principal Account of the Bond Payment Fund and applied to the payment of the principal of the series or subseries of Bonds to be redeemed.

On the final maturity date of any series or subseries of Bonds, any moneys in the applicable Reserve Account of the Debt Service Reserve Fund may, upon the direction of the Corporation, be used to pay the principal of and interest on such series or subseries of Bonds on such final maturity date.

If at any time moneys in a Reserve Account in the Debt Service Reserve Fund are sufficient to pay the principal or redemption price of all Outstanding Bonds of the related series or subseries, the Bond Trustee may, at the written direction of the Corporation, use the moneys on deposit in the related Reserve Account to pay such principal or redemption price of such related series or subseries of Bonds.

Assets credited to the Debt Service Reserve Fund will be valued at market value as of each January 31 and July 31 (each a "Valuation Date") by the Bond Trustee in accordance with the normal valuation procedures of the Bond Trustee.

**Series 2026A Reserve Account.** The Series 2026A Reserve Account will be funded on the date of issuance of the Series 2026A Bonds in the amount of \$[\_\_\_\_\_], which is equal to the least of (i) the maximum annual debt service requirements during any Fiscal Year on the Series 2026A Bonds then outstanding, (ii) an amount equal to 10% of the initial principal amount of the Series 2026A Bonds or (iii) an amount equal to 125% of the average annual debt service requirements during any Fiscal Year on the Series 2026A Bonds then outstanding (the "Series 2026A Reserve Account Requirement"). Moneys on deposit in the Series 2026A Reserve Account Requirement shall be used to provide a reserve for payment of the principal of and interest on the Series 2026A Bonds.

Commencing on the first Business Day of the seventh month following any month in which the amount in the Series 2026A Reserve Account of the Debt Service Reserve Fund shall be less than the Series 2026A Reserve Account Requirement as a result of a draw on the Series 2026A Reserve Account in accordance with the Bond Indenture, and continuing on the first Business Day of each month thereafter until the amount in the Series 2026A Reserve Account is equal to the Series 2026A Reserve Account Requirement, an amount (or the entire balance if less than the required amount) equal to one-twelfth (1/12) of the deficit in the Series 2026A Reserve Account. If on any Valuation Date of the Debt Service Reserve Fund pursuant to the Bond Indenture, the amount on deposit in the Series 2026A Reserve Account is less than 90% of the Series 2026A Reserve Account Requirement as a result of a decline in the value of investments in the Series 2026A Reserve Account, the Obligated Group agrees to pay, for deposit to the Series 2026A Reserve Account, beginning with the first Business Day of the second month following the Valuation Date of the Debt Service Reserve Fund, and on the first Business Day of each month thereafter until the amount on deposit in the Series 2026A Reserve Account is equal to 100% of the Series 2026A Reserve Account Requirement, an amount (or the entire balance if less than the required amount) equal to one-sixth (1/6) of the amount necessary to restore the amount on deposit in the Series 2026A Reserve Account to 100% of the Series 2026A Reserve Account Requirement.

**Series 2026B Reserve Accounts.** The Series 2026B-1 Reserve Account will be funded on the date of issuance of the Series 2026B-1 Bonds in the amount of \$[ ] (the “Series 2026B-1 Reserve Account Requirement”). The Series 2026B-2 Reserve Account will be funded on the date of issuance of the Series 2026B-2 Bonds in the amount of \$[ ] (the “Series 2026B-2 Reserve Account Requirement”). These amounts represent 12 months of interest on the Series 2026B-1 Bonds and Series 2026B-2 Bonds, respectively.

Commencing on the first Business Day of the seventh month following any month in which the amount in the Series 2026B-1 Reserve Account of the Debt Service Reserve Fund shall be less than the Series 2026B-1 Reserve Account Requirement as a result of a draw on the Series 2026B-1 Reserve Account in accordance with the Bond Indenture, and continuing on the first Business Day of each month thereafter until the amount in the Series 2026B-1 Reserve Account is equal to the Series 2026B-1 Reserve Account Requirement, an amount (or the entire balance if less than the required amount) equal to one-twelfth (1/12) of the deficit in the Series 2026B-1 Reserve Account. If on any Valuation Date of the Debt Service Reserve Fund pursuant to the Bond Indenture, the amount on deposit in the Series 2026B-1 Reserve Account is less than 90% of the Series 2026B-1 Reserve Account Requirement as a result of a decline in the value of investments in the Series 2026B-1 Reserve Account, the Obligated Group agrees to pay, for deposit to the Series 2026B-1 Reserve Account, beginning with the first Business Day of the second month following the Valuation Date of the Debt Service Reserve Fund, and on the first Business Day of each month thereafter until the amount on deposit in the Series 2026B-1 Reserve Account is equal to 100% of the Series 2026B-1 Reserve Account Requirement, an amount (or the entire balance if less than the required amount) equal to one-sixth (1/6) of the amount necessary to restore the amount on deposit in the Series 2026B-1 Reserve Account to 100% of the Series 2026B-1 Reserve Account Requirement.

Commencing on the first Business Day of the seventh month following any month in which the amount in the Series 2026B-2 Reserve Account of the Debt Service Reserve Fund shall be less than the Series 2026B-2 Reserve Account Requirement as a result of a draw on the Series 2026B-2 Reserve Account in accordance with the Bond Indenture, and continuing on the first Business Day of each month thereafter until the amount in the Series 2026B-2 Reserve Account is equal to the Series 2026B-2 Reserve Account Requirement, an amount (or the entire balance if less than the required amount) equal to one-twelfth (1/12) of the deficit in the Series 2026B-2 Reserve Account. If on any Valuation Date of the Debt Service Reserve Fund pursuant to the Bond Indenture, the amount on deposit in the Series 2026B-2 Reserve Account is less than 90% of the Series 2026B-2 Reserve Account Requirement as a result of a decline in the value of investments in the Series 2026B-2 Reserve Account, the Obligated Group agrees to pay, for deposit to the Series 2026B-2 Reserve Account, beginning with the first Business Day of the second month following the Valuation Date of the Debt Service Reserve Fund, and on the first Business Day of each month thereafter until the amount on deposit in the Series 2026B-2 Reserve Account is equal to 100% of the Series 2026B-2 Reserve Account Requirement, an amount (or the entire balance if less than the required amount) equal to one-sixth (1/6) of the amount necessary to restore the amount on deposit in the Series 2026B-2 Reserve Account to 100% of the Series 2026B-2 Reserve Account Requirement.

See the Bond Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto for more information.

### **The Loan Agreement**

Under the Loan Agreement, the Corporation is required duly and punctually to pay the principal of, premium, if any, and interest on the Series 2026 Bonds. See the Loan Agreement in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto.

## SECURITY FOR THE SERIES 2026 OBLIGATIONS

### General

The Master Indenture is intended to provide assurance for the repayment of Obligations entitled to its benefits by imposing financial and operating covenants that restrict the current Members of the Obligated Group and any future Members of the Obligated Group and by the appointment of the Master Trustee to enforce such covenants for the benefit of the holders of such Obligations. The Series 2021 Obligations and, upon their issuance, the Series 2026 Obligations will be the only Obligations entitled to the benefits of the Master Indenture. The holders of all Obligations entitled to the benefit of the Master Indenture will be on a parity with respect to the benefits of the Master Indenture.

The Corporation's obligations under the Loan Agreement will be secured by the Series 2026 Obligations, which will be issued pursuant to the Fourth Supplemental Master Indenture and secured under the Master Indenture. The Series 2026 Obligations will entitle the Bond Trustee, as the holder of the Series 2026 Obligations, to the protection and benefit of the covenants, restrictions and other obligations imposed on the Members of the Obligated Group by the Master Indenture.

The Corporation is currently the only Member of the Obligated Group. The Corporation and any Member of the Obligated Group that may be admitted in the future will be jointly and severally liable for the payment for all Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto for more information regarding the limitations on admission and release of Obligated Group Members.

Except where specifically limited (e.g., Stable Occupancy at the Project), the accounts of the Corporation (the sole Member of the Obligated Group) and any future Member of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of Additional Indebtedness) are satisfied. See "CERTAIN BONDHOLDERS' RISKS – Certain Matters Relating to Enforceability of Master Indenture."

The Series 2021 Obligations and the Series 2026 Obligations and all Obligations issued under the Master Indenture will be a general obligation of the Members of the Obligated Group and will be secured by (i) any funds or property held by the Master Trustee under the Master Indenture or under the Mortgage; (ii) all Gross Revenues of the Obligated Group Members, but except and excluding all such items, whether now owned or hereafter acquired by the Obligated Group Members, which by their terms or by reason of applicable law would become void or voidable if granted, assigned, or pledged under the Master Indenture by the Obligated Group Members, or which cannot be granted, pledged, or assigned under the Master Indenture without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged, and assigned by the Obligated Group Members; and (iii) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Master Indenture by any Member or by anyone on its behalf to the Master Trustee, including without limitation, funds of any Member held by the Master Trustee as security for the Obligations. All Obligations issued under the Master Indenture will also be secured by a security interest in the Mortgaged Property pursuant to the Mortgage.

## **Mortgage**

The Obligations, including the Series 2021 Obligations and the Series 2026 Obligations, are secured by a mortgage, as amended to date, on certain real property of the Corporation and all buildings, structures, improvements and appurtenances standing or thereafter placed upon such real estate, and a security interest in all machinery, equipment, furniture and fixtures on such real estate, all judgments, awards of damages, settlements and other compensation heretofore or hereafter made resulting from condemnation proceeds or the taking of the real estate subject to the Mortgage, and any and all other property of every kind and nature owned by the Corporation conveyed, pledged, assigned or transferred as additional security to the Master Trustee (collectively, the “Mortgaged Property”), subject only to Permitted Encumbrances. See the Mortgage in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto for more information.

There can be no assurance that the Book Value of the Mortgaged Property would be realized upon its disposition or at foreclosure. In the future, the value of the Mortgaged Property could be substantially less than the principal amount of Obligations outstanding under the Master Indenture. In connection with the issuance of the Series 2026 Bonds, the Corporation will deliver a mortgage modification endorsement to the lender’s title insurance policy (the “Title Policy”) for the Mortgaged Property previously issued to the Master Trustee as the named insured ensuring the lien of the Mortgage on the Mortgaged Property. The Title Policy will be modified to increase the insured amount to an amount not less than the sum of the aggregate principal amount of the Series 2026 Bonds plus the current outstanding principal amount of the Series 2021 Obligations. See “CERTAIN BONDHOLDERS’ RISKS — Title Insurance.”

**Any proceeds from a claim under the Title Policy would be disbursed to the Master Trustee for the benefit of the holders of the Obligations issued under the Master Indenture. If the amount of the Title Policy became less than the aggregate principal amount of the Obligations issued under the Master Indenture, in the event of a claim under the Title Policy, any proceeds from a claim would be applied on a ratable basis pursuant to the terms of the Master Indenture.**

## **Pledge of Gross Revenues**

The Obligations, including the Series 2021 Obligations and the Series 2026 Obligations, will be secured by a security interest in the Gross Revenues of the Members of the Obligated Group, subject only to Permitted Encumbrances, granted by the Obligated Group to the Master Trustee under the Master Indenture. “Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third-party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in

order to pay for customized improvements to those independent living units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) payments or deposits under a Residency Agreement that by its terms or applicable law are required to be held in escrow or trust for the benefit of a resident until the conditions for the release of such payment or deposit have been satisfied, and (v) all deposits and/or advance payments made in connection with any residency of the independent living units or other areas of the Facilities to be occupied by residents or tenants and received prior to receipt of such certificate and licenses for occupancy of such units.

Notwithstanding such security interest in the Obligated Group's Gross Revenues, the Members of the Obligated Group may sell or otherwise transfer Gross Revenues and create Permitted Encumbrances thereon, in accordance with the provisions of the Master Indenture. See the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto for more information.

### **Additional Indebtedness**

The Master Indenture permits the Obligated Group to incur Additional Indebtedness (including Guaranties) which may, but need not, be evidenced or secured by an Additional Obligation issued under the Master Indenture that will be equally and ratably secured with the Series 2026 Obligations, or that may be entitled to the benefit of security in addition to that securing the Series 2026 Obligations, which security need not be extended to any other Obligations. See the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto for more information.

In determining compliance with a number of provisions of the Master Indenture, including the provisions governing the incurrence of Additional Indebtedness, the Obligated Group may assume that certain types of Indebtedness which bear interest at varying rates and which may not be payable over an extended term will bear interest over time at interest rates approximating current or recent long term fixed rates, will remain outstanding for a long term and will be amortized on a level debt service basis. The actual interest rates and payments on such Indebtedness may vary from such assumptions, and such variance may be material. See the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto.

Each Member, respectively, agrees pursuant to the Master Indenture that it will not incur any Additional Indebtedness except as permitted by the provisions thereof. See the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto.

### **Certain Covenants of the Corporation and any Future Member of the Obligated Group**

In addition to the covenants described below, the Master Indenture contains additional covenants relating to, among others, the maintenance of the Obligated Group's property, the maintenance of corporate existence of each Member of the Obligated Group, the maintenance of certain levels of insurance coverage, the sale or lease of certain property, the incurrence of additional indebtedness and permitted liens. For a full description of these and other covenants, see the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto.

**Rate Covenant.** The Obligated Group covenants and agrees in the Master Indenture that, within 150 days after the end of each Fiscal Year, the Obligated Group Agent will calculate the Historical Debt Service Coverage Ratio of the Obligated Group for each Fiscal Year and deliver a copy of such calculation to the Required Information Recipients. The Master Indenture requires that, if the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1, the Obligated Group Agent, at the Obligated Group's expense, is required to select a Consultant within 30 days following the calculation

described in the preceding paragraph to make recommendations with respect to the rates, fees and charges of the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year. As further described in the Master Indenture, for purposes of calculations under this paragraph, an unrestricted contribution from any Affiliate of a Member of the Obligated Group may, at the sole discretion of the Obligated Group Agent, be treated as Income Available for Debt Service being earned during the period of such calculation so long as the unrestricted contribution is made prior to the date the applicable Certificate is required to be delivered with respect to such calculation.

For specific information regarding the process under the Master Indenture for selection of Consultants, see "Approval of Consultants" below.

A copy of the Consultant's report and recommendations, if any, shall be filed with each Member, the Master Trustee and each Required Information Recipient within 60 days of retaining the Consultant. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law. This provision of the Master Indenture shall not be construed to prohibit any Member from serving indigent residents to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of the Master Indenture summarized in this section.

The foregoing provisions notwithstanding, if the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year does not meet the level required above, the Master Trustee shall not be obligated to require the Obligated Group to retain a Consultant to make such recommendations if: (a) there is filed with the Master Trustee (who shall provide a copy to each Required Information Recipient) a written report addressed to them of a Consultant (which Consultant and report, including without limitation the scope, form, substance and other aspects of such report, are not objected to by the Master Trustee) which contains an opinion of such Consultant that applicable laws or regulations have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to meet the requirements of the Master Indenture summarized above, and, if requested by the Master Trustee, such report is accompanied by a concurring opinion of Independent Counsel (which Counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are not objected to by the Master Trustee) as to any conclusions of law supporting the opinion of such Consultant; (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Revenues reasonably practicable given such laws or regulations; and (c) the Historical Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00:1. The Obligated Group shall not be required to cause the Consultant's report referred to in the preceding sentence to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group provides to the Master Trustee (who shall provide a copy to each Related Bond Trustee) an opinion of Independent Counsel (which Counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are not objected to by the Master Trustee) to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

The failure of the Obligated Group to achieve the required Historical Debt Service Coverage Ratio for any Fiscal Year shall not constitute an event of default under the Master Indenture unless (i) the Obligated Group fails to take all necessary action to comply with the procedures set forth in the Master Indenture if the Historical Debt Service Coverage Ratio is less than 1.20:1 for any Fiscal Year, or (ii) the Historical Debt Service Coverage Ratio is less than 1.00:1 and the Days Cash on Hand as of the relevant

September 30 is less than 75 Days Cash on Hand as of a Testing Date (as described herein), or (iii) the Historical Debt Service Coverage Ratio is less than 1.00:1 for any two consecutive Fiscal Years.

The Series 2026 Obligations are being issued as Additional Indebtedness for the acquisition, construction, renovation or replacement of elderly housing facilities or nursing facilities pursuant to the Master Indenture. As such, pursuant to the Master Indenture, the Debt Service Requirements (see APPENDIX D) with respect to the Series 2026 Bonds and the Revenues and Expenses relating to the Project shall be excluded from the calculation of the Historical Debt Service Coverage Ratio until the earlier of (i) the first full Fiscal Year following the Fiscal Year in which Stable Occupancy is achieved with respect to the Project, or (ii) the fifth full Fiscal Year after the issuance of the Series 2026 Bonds.

**Liquidity Covenant.** The Master Indenture requires that the Obligated Group conduct its business so that it maintains on each March 31 and September 30 (each a “Testing Date”) at least [ ] Days Cash on Hand (the “Liquidity Requirement”).

If the amount of Days Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Obligated Group Agent shall, within 30 days after delivery of the Officer’s Certificate disclosing such deficiency, deliver an Officer’s Certificate approved by a resolution of the Governing Body of the Obligated Group Agent to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the level of the Days Cash on Hand to the Liquidity Requirement for future periods.

If the Obligated Group has not raised the level of the Days Cash on Hand to the Liquidity Requirement by the Testing Date immediately subsequent to the delivery of the Officer’s Certificate required in the preceding paragraph, the Obligated Group Agent shall, within 30 days after delivery of the Officer’s Certificate disclosing such deficiency, select a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group’s methods of operation and other factors affecting its financial condition in order to increase the Days Cash on Hand to the Liquidity Requirement for future periods. A copy of the Consultant’s report and recommendations, if any, shall be filed with each Member, the Master Trustee and each Required Information Recipient within 60 days after the date such Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the Liquidity Requirement for any Testing Date shall not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for adopting a plan or retaining a Consultant and follows each recommendation contained in such plan or Consultant’s report to the extent feasible (as determined by the Governing Body of the Obligated Group Agent) and permitted by law.

For specific information regarding the process under the Master Indenture for selection of Consultants, see “Approval of Consultants” below.

Also see the Master Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.”

**Application for Rating.** The Master Indenture provides that annually, not later than 180 days after each September 30, the Obligated Group will approach any Rating Agency to obtain a credit rating until the Obligated Group obtains a credit rating of “BBB-” (or an equivalent rating) or higher from any Rating Agency (an “Investment Grade Credit Rating”). Notwithstanding the foregoing, (i) the requirement to

annually approach a Rating Agency shall be suspended during any time that the Obligated Group maintains a credit rating from any Rating Agency, and (ii) the Obligated Group shall not be required to approach a Rating Agency to obtain a credit rating if the Obligated Group Agent determines that the Obligated Group will not meet the criteria of any Rating Agency for an Investment Grade Credit Rating based on the then-existing published rating criteria of the Rating Agencies. See the Master Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto.

***Approval of Consultants.*** If at any time the Obligated Group Agent is required to engage a Consultant under the provisions of the Master Indenture summarized above under “Rate Covenant” and “Liquidity Covenant,” such Consultant shall be engaged in the manner set forth below.

Upon selecting a Consultant as required under the provisions of the Master Indenture, the Obligated Group Agent will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five Business Days after receipt of notice, notify the holders of all Obligations outstanding under the Master Indenture of such selection. Such notice shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation holder submits an objection to the selected Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Obligation holders. No later than two Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group of the number of objections. If more than two-thirds in aggregate principal amount of the holders of the outstanding Obligations have been deemed to have consented to the selection of the Consultant, the Obligated Group Agent may engage the Consultant. If more than one-third in aggregate principal amount of the owners of the Obligations outstanding have objected to the Consultant selected, the Obligated Group Agent shall select another Consultant which may be engaged upon compliance with the procedures as described above.

When the Master Trustee notifies the holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee send a notice containing the information required by the provisions of the Master Indenture summarized above to the owners of all of the Outstanding Related Bonds. Such Related Bond Trustee shall, as the owner of an Obligation securing such Related Bonds, consent or object to the selection of the Consultant in accordance with the response of the owners of such Related Bonds. If more than two-thirds in aggregate principal amount of the Related Bonds have been deemed to have consented to the selection of the Consultant, the Bond Trustee shall approve the Consultant. If more than one-third in aggregate principal amount of the owners of the Related Bonds have objected to the Consultant selected, the Bond Trustee shall not approve the Consultant.

The 15-day notice period described above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of the Master Indenture summarized under this heading.

All Consultant reports required under the Master Indenture shall be prepared in accordance with then-effective industry-appropriate standards.

For further information about the approval of consultants, see the Master Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS.”

***Permitted Encumbrances.*** The Master Indenture requires that each Member not create or permit to be created or remain and, at its cost and expense, promptly discharge or terminate all Liens on Property

or any part thereof which are not Permitted Encumbrances. The foregoing sentence notwithstanding, a Lien on Property of any Member securing Indebtedness shall be classified as a Permitted Encumbrance and therefore permitted if: (a) after giving effect to such Lien and all other Liens classified as Permitted Encumbrances under this subsection (a) and clause (y) of the definition of Permitted Encumbrances, the Book Value or, at the option of the Obligated Group Agent, the Current Value of the Property of the Obligated Group which is Encumbered is not more than 10% of the value of all of the Property of the Obligated Group (calculated on the same basis as the value of the Encumbered Property) and (b) the conditions of the Master Indenture are met for allowing the incurrence of one dollar of additional Funded Indebtedness.

***Disposition of Property.*** Each Member of the Obligated Group agrees in the Master Indenture to restrictions on the disposition of its Property. See the Master Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto.

***Entry and Exit from Obligated Group.*** Pursuant to the Master Indenture, a Person may become a Member of the Obligated Group, and a Member may cease to be a Member of the Obligated Group if certain conditions are satisfied. See the Master Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto.

### **Entrance Fee Fund**

Pursuant to the Fourth Supplemental Master Indenture, the Master Trustee will establish and maintain a separate account known as the “Entrance Fee Fund — Friendship Village 2026 Project (the “Entrance Fee Fund”). All moneys received by the Master Trustee for deposit to the Entrance Fee Fund shall be held in trust by the Master Trustee, held for the benefit of the holders of all outstanding Obligations, solely for the purposes described below, and pending application to such purposes, such moneys shall not be subject to Lien of or attachment by any other creditor of any Member of the Obligated Group.

The Corporation covenants that all Initial Entrance Fees related to the New Units, as defined in the Supplemental Master Indenture Number 4, received by the Corporation shall be transferred by wire transfer to the Master Trustee within five (5) Business Days of the receipt thereof for deposit to the Entrance Fee Fund; provided that no Entrance Fees shall be subject to transfer by the Corporation so long such Entrance Fees must be held in escrow pursuant to the requirements of laws or regulations of the State of Michigan.

Moneys deposited into the Entrance Fee Fund shall be applied by the Master Trustee as follows:

First: To the Corporation to pay refunds required by Residency Agreements related to the Project for which the Corporation has not received a corresponding replacement Entrance Fee with respect to the applicable independent living unit. Such disbursements will be made within two Business Days of receipt by the Master Trustee of an Officer’s Certificate of the Corporation certifying that the Corporation is required by a Residency Agreement related to the Project to pay refunds within the next 30 days, and the amount of such refunds.

Second: So long as no Event of Default under the Master Indenture has occurred and is continuing, on the first Business Day of each month, the Master Trustee shall review the amount on deposit in the Entrance Fee Fund and shall transfer moneys in the Entrance Fee Fund on such date, if any, to the Bond Trustee for deposit into the Entrance Fee Redemption Account established under the Bond Indenture as described under the heading “THE SERIES 2026 BONDS — The Series 2026B Bonds — Mandatory Entrance Fee Redemption” for the application to the payment and redemption of the Series 2026B-2 Bonds as soon as practicable following such deposit. Funds transferred to the Entrance Fee Redemption Account shall be irrevocable.

Third: Upon final redemption and payment of all of the Series 2026B-2 Bonds, so long as no Event of Default under the Master Indenture has occurred and is continuing, on the first Business Day of each month, the Master Trustee shall review the amount on deposit in the Entrance Fee Fund and shall transfer moneys in the Entrance Fee Fund on such date, if any, to the Bond Trustee for deposit into the Entrance Fee Redemption Account established under the Bond Indenture as described under the heading “THE SERIES 2026 BONDS — The Series 2026B Bonds — Mandatory Entrance Fee Redemption” for the application to the payment and redemption of the Series 2026B-1 Bonds as soon as practicable following such deposit. Funds transferred to the Entrance Fee Redemption Account shall be irrevocable.

Upon receipt by the Master Trustee of notice from the Bond Trustee pursuant to the Bond Indenture that all of the Series 2026B Bonds have been fully redeemed or are no longer deemed to be Outstanding under the Bond Indenture, and provided that no Event of Default has occurred and is continuing, (i) the Master Trustee shall direct the Corporation to cease making deposits to the Entrance Fee Fund, (ii) the Corporation shall be released from the covenants to transfer Initial Entrance Fees released from the escrow requirements of the Entrance Fee Escrow Agreement to the Master Trustee for deposit into the Entrance Fee Fund, and (iii) any amounts on deposit in the Entrance Fee Fund shall be remitted to the Corporation and the Entrance Fee Fund shall be closed.

See “APPENDIX C—FINANCIAL FEASIBILITY STUDY – [“SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES —Refund Provisions.”]

Also see APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto

### **CERTAIN BONDHOLDERS’ RISKS**

Set forth below are certain risk factors which should be considered before any investment in the Series 2026 Bonds is made. These risk factors are not, and should not be considered, definitive, or exhaustive. This section discusses some of these risks, but is not intended to be a comprehensive list of all risks associated with the operation of the Community, the provision of services by the Corporation or the payment of the Series 2026 Bonds. As used under this heading, “Facilities” means the Community and any other continuing care retirement facilities or health care delivery or residential facilities designed to provide services to the elderly which in the future is owned by any Member of the Obligated Group and operated by or on behalf of any Member of the Obligated Group.

AN INVESTMENT IN THE SERIES 2026 BONDS INVOLVES A DEGREE OF RISK. A PROSPECTIVE PURCHASER OF THE SERIES 2026 BONDS IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. REFER TO THE SECTION “SECURITY FOR THE SERIES 2026 BONDS”, “SECURITY FOR THE SERIES 2026 OBLIGATIONS” AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2026 BONDS. THE FACTORS LISTED BELOW, AMONG OTHERS, COULD ADVERSELY AFFECT THE OBLIGATED GROUP’S OPERATION, REVENUES AND EXPENSES FOR THE FACILITIES TO AN EXTENT WHICH CANNOT BE DETERMINED AT THIS TIME.

#### **Limited Obligations**

The Series 2026 Bonds are not a general obligation of the Issuer and shall be payable solely from the funds and security pledged to the payment thereof by the Bond Indenture. The Series 2026 Bonds shall not constitute or create any debt or liability on behalf of the State or any political subdivision thereof, the Issuer, or a loan of the credit of the State or a pledge of the faith and credit of the State or of any such

political subdivision, but shall be payable solely from the funds provided therefor under the Bond Indenture. The Series 2026 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

### **Absence of Rating**

The Series 2026 Bonds have not received any credit rating by any recognized rating agency. In the Master Indenture, the Corporation covenants to endeavor to obtain an Investment Grade Credit Rating on the Series 2026 Bonds. There can be no guarantee that any such rating will be obtained. The absence of or inability to obtain any such rating could adversely affect the ability of holders to sell the Bonds or the price at which the Series 2026 Bonds can be sold.

### **General Risk Factors**

The purchase and ownership of the Series 2026 Bonds involves investment risks that are discussed throughout this Official Statement. These risk factors should not be considered definitive or exhaustive. Prospective purchasers of the Series 2026 Bonds should evaluate all of the information presented in this Official Statement. This section on bondholders' risks focuses primarily on the general risks associated with the healthcare industry and the operations of senior living facilities and other types of facilities and services provided by members of the Obligated Group, whereas APPENDIX A describes the Obligated Group and the Facilities specifically. These should be read together.

As described herein under the captions "INTRODUCTION—Security for the Series 2026 Bonds" and "SECURITY FOR THE SERIES 2026 BONDS," the principal of, premium, if any, and interest on the Series 2026 Bonds, except to the extent that the Series 2026 Bonds will be payable from the proceeds thereof or investment income thereon, are payable solely from amounts payable by the Corporation on the Series 2026 Obligations. The bondholders' risks discussed below should be considered in evaluating the ability of the existing or any future Member of the Obligated Group to make payments in amounts sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds.

So long as the Corporation is the sole Member of the Obligated Group, payment of the Series 2026 Bonds will depend primarily upon the Corporation's ability to generate revenues from the Facilities sufficient to provide for payment of the Series 2026 Obligations while paying the operating expenses and other indebtedness of the Corporation, including the other Obligations.

The Corporation's ability to generate revenues and the overall financial condition of the Corporation may be adversely affected by a wide variety of future events and conditions, including changes in demand for facilities similar to those provided by the Corporation affecting the Corporation's ability to maintain full occupancy, fluctuations in public confidence both in the Corporation and the services it provides, changes in government licensing procedures and regulations and competition. The net revenues of the Corporation and any future Member of the Obligated Group will be subject to, among other factors, federal and state policies affecting the senior housing and health care industries (including changes in reimbursement rates and policies), increased competition from other senior housing and health care providers, senior service providers, and emerging healthcare technologies; the capability of the management of the Corporation and any future Member of the Obligated Group; and future economic and other conditions that are impossible to predict. The extent of the ability of the Corporation and any future Member of the Obligated Group to generate future revenues has a direct effect upon the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds. Neither the Underwriter nor the Issuer has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Corporation.

Some health care providers receive much of their revenues from Medicare and Medicaid. Various studies have been done that make wide-ranging predictions as to when and if these programs will become economically unsustainable in their current forms. Health care providers also receive significant revenues from major private payors, but the payment mechanisms pursuant to which those payors pay are subject to, and will continue to be subject to, constant change as both the payors and the employers who bear a significant portion of the burden of paying for private insurance seek to reduce the costs related thereto.

The health care industry has recently seen a significant increase in regulation, enforcement related thereto and the cost of complying with such regulation. It can be presumed that the regulatory focus on health care, and the related cost of compliance, will continue to grow. In addition, federal, state and local agencies have increased their scrutiny of transactions involving not-for-profit, tax-exempt organizations and are focusing in particular upon limitations on the use of charitable assets and revenues.

Healthcare has always been an industry subject to rapid technological change. It should be assumed the pace of technological change will continue, if not increase, resulting in a delivery model that will in the future be substantially different than the delivery model utilized today.

This discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement.

### **General Risks of Long-Term Care Facilities**

There are many diverse factors not within the Corporation's control that have a substantial bearing on the risks generally incident to the operation of its Facilities. These factors include generally imposed fiscal policies; adverse use of adjacent or neighboring real estate; the ability to maintain the Facilities; community acceptance of the Facilities; changes in demand for the Facilities; changes in the number of competing facilities, increases in the availability or improvements in the level of in-home care available, and the advancement of emerging technologies; telehealth; changes in the costs of operation of the Facilities; changes in the laws of the State of Michigan affecting long term care programs; potential federal law changes; the limited income of the elderly; changes in the long term care and health care industries; difficulties in or restrictions on the Corporation's ability to raise rates charged; general economic conditions; and the availability of working capital. In recent years, a number of long-term care facilities throughout the United States have defaulted on various financing obligations or otherwise have failed to perform as originally expected. There can be no assurance the Corporation will not experience one or more of the adverse factors that caused other facilities to struggle or fail. Many other factors may adversely affect the operation of facilities like the Corporation's Facilities and cannot be determined at this time.

### **Changing Capabilities of Home Health Care Technology; Impact on Demand for Facilities**

New and changing methods of care delivery, such as web-based home monitoring, telemedicine, mobile health, and smartphone technology will continue to rapidly change the way in which providers of health services provide services to individuals, including the elderly. Changes in the delivery of behavioral health services, home health services, personal care services and other community-based services have occurred, and will likely continue to occur, due to the increased use of health care technology tools. The advent of "telehealth", which refers to a wide category of technology that helps provide connected care services through mobile phones, computers and tablets, for example, allows patients to remain in the safety of their homes while still receiving the care they need. These and other developments will further the ability of the home health and personal care services industry to care for patients in their homes. Proliferation and availability of technological changes are expected to increase the ability of the elderly to remain in their homes longer into their lives than has historically been feasible, which could result in significantly reduced demand for facilities such as the Corporation's Facilities. Efforts to reduce hospital readmissions and costs in the overall care continuum will

further the use of these new and changing technologies. These changes may allow other companies, including hospitals and other health care organizations that are not currently providing home health and personal care, to expand their services to include home health services, personal care or similar services. The continued federal and state investment in Medicaid home and community-based waiver services may further expand access to this technology allowing individuals to remain in their homes. The Corporation may encounter increased competition in the future that could negatively impact patient referrals to them, limit their ability to maintain or increase their market position and adversely affect the Corporation's profitability.

### **Uncertainty of Revenues**

As noted elsewhere, except to the extent that the holders of the Series 2026 Bonds are secured, under certain circumstances, by the proceeds of insurance, sale or condemnation awards or net amounts by recourse to the Mortgage, the Series 2026 Bonds will be payable solely from payments or prepayments to be made by the Corporation under the Loan Agreements and by the Corporation on the Series 2026 Obligations as applicable and from certain funds held under the Bond Indenture. The ability of the Corporation to make payments under the Loan Agreements and the Series 2026 Obligations is dependent upon the generation by the Corporation of revenues in the amounts necessary for the Corporation to pay the principal, premium, if any, and interest on the Series 2026 Bonds, as well as other operating and capital expenses. The realization of future revenues and expenses are subject to, among other things, the capabilities of Management, government regulation and future economic and other conditions that are unpredictable and that may affect revenues and payment of principal of and interest on the Series 2026 Bonds. No representation or assurance can be made that revenues will be realized by the Corporation in amounts sufficient to make the required payments with respect to debt service on the Series 2026 Bonds. None of the Underwriter nor the Issuer has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Corporation.

The Corporation may fail to meet certain financial covenants, such as the Historical Debt Service Coverage Ratio covenant or the Liquidity Requirement described above under "SECURITY FOR THE SERIES 2026 OBLIGATIONS—Rate Covenant" or " – Liquidity Covenant." Failure to meet such requirements will require the Obligated Group to prepare a management report or retain a Consultant to prepare a plan of corrective action as described under "SECURITY FOR THE SERIES 2026 OBLIGATIONS—Rate Covenant" or " – Liquidity Covenant." While these covenants are intended to require the Obligated Group to take corrective action in order to avert a payment default, no assurance can be given that such corrective actions, if required, will be successful.

If an Event of Default occurs under the Bond Indenture or the Master Indenture, the Bond Trustee may declare an acceleration or take any of the remedies provided in such document. Following acceleration, there may be no moneys in the funds held by the Bond Trustee under the Bond Indenture for payment of the Series 2026 Bonds. See the Bond Indenture and the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto for more information regarding the events of default and the remedies available to the Bond Trustee under the Bond Indenture and the Master Trustee under the Master Indenture.

### **Uncertainty of Investment Income**

A portion of the Corporation's revenues available to pay debt service is expected to come from investment income and net realized gains on the investment of available funds. The amount of such interest earnings and gains will fluctuate with changes in prevailing interest rates and financial market conditions. See APPENDIX A – "FINANCIAL INFORMATION – Investments" attached hereto for more information about the Corporation's investments.

## **Nature of the Income and Assets of the Elderly**

A large percentage of the monthly income of some residents of the Facilities will be fixed income derived from pensions and social security payments. In addition, some residents will be liquidating assets in order to pay the monthly service fees required under the residency agreement. If, due to inflation or otherwise, substantial increases in monthly service fees are required to cover increases in operating costs, nursing care costs, wages, benefits and other expenses, residents may have difficulty paying or may be unable to pay such increased monthly service fees. Alternatively, any decrease in the amounts paid by such fixed income sources could affect the ability of residents to pay fees and additional restrictions imposed upon Social Security or other fixed income sources could affect the ability of future residents to pay entrance fees or to meet the financial obligations under the residency agreements. The Corporation conducts a financial analysis of each potential resident before executing a residency agreement to determine the likely ability of the resident to meet the financial obligations to the Corporation; however, no assurance may be given that future events, including life expectancy, will not result in residents encountering difficulty in paying monthly service fees. The Corporation's inability to collect from residents the full amount of their payment obligations, either when due or at all, may jeopardize the Corporation's ability to make payments required under the Loan Agreements and the Series 2026 Obligations.

## **Limited Assets of the Corporation**

The Corporation's sole business is expected to consist of the ownership and operation of the Community. Although it may seek donations from groups and individuals, the Corporation has no other sources of funds if revenues from operation of the Facilities are not sufficient to cover its expenses, including debt service on the Series 2026 Obligations.

## **Competition**

The Corporation faces competition from existing facilities for the elderly, including nursing homes, homes for the aged and retirement centers and apartment buildings that offer similar services. In addition, the Corporation may face competition from the renovation or expansion of such facilities or the construction of new facilities. See ["Summary of Significant Forecast Assumptions and Rationale – Primary Market of the Community" in APPENDIX C] for more information on competing facilities in the Corporation's service area. Additionally, federal and state governments have indicated an intention to encourage new types of facilities and programs in order to reduce the need for institutionalized care of the elderly.

## **Sale of Personal Residences**

The number of persons who can afford payment of the fees at the Facilities may be affected by general economic conditions. It is anticipated that a substantial number of existing and potential applicants for residency in the Facilities expect or will expect to pay the fees from the proceeds of the sale of a residence. Nationwide, there previously had been a substantial reduction in residential sales volume, a reduction in residential sales prices, and residential mortgage loans generally had become less available. If (i) there is another reduction or stagnation in residential sales volume, (ii) mortgage loans remain difficult to secure, (iii) such loans are available only at interest rates that prospective home purchasers are unwilling to pay, or (iv) should there be any other material adverse conditions in the residential housing market, such prospective residents may not have sufficient funds to meet financial obligations under their residency agreements. This may cause a delay in the occupancy or remarketing of vacated units, and such prospective residents may choose not to establish residence at the Facilities, which would have an adverse impact on the revenues of the Corporation.

## **Rights of Residents**

The Corporation enters into residency agreements with certain of their residents. Although these agreements give to each resident a contractual right to use space and do not grant any ownership rights in the Facilities, in the event that the Bond Trustee or the holders of the Series 2026 Bonds seek to enforce any of the remedies provided by the Bond Indenture upon the occurrence of a default or the Master Trustee seeks to enforce remedies under the Mortgage or the Master Indenture, the Corporation is unable to predict the resolution that a court might make of competing claims between the Master Trustee, the Bond Trustee, or the holders of the Series 2026 Bonds and a resident of the Community who has fully complied with all the terms and conditions of his or her residency agreement.

The Corporation may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of monthly service fees with respect to the Community or other charges without increase. Moreover, the Corporation may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly service fees and other charges. No assurance can be given that the Corporation will be able to meet the needs of such resident groups satisfactorily.

## **Management's Forecast**

Management's financial forecast contained in the Financial Feasibility Study included in APPENDIX C hereto is based upon assumptions made by management of the Obligated Group ("Management"). As stated in such financial forecast, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, the financial forecast is only for the five-year period ending September 30, 2030, and consequently does not cover the whole period during which the Series 2026 Bonds may be outstanding. The Financial Feasibility Study should be read in its entirety, including Management's notes and assumptions set forth therein. **BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO GUARANTEE CAN BE MADE THAT MANAGEMENT'S FINANCIAL FORECAST IN THE FINANCIAL FEASIBILITY STUDY WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING BUT NOT LIMITED TO INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES, EMPLOYEE RELATIONS, TAXES, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN THE RETIREMENT LIVING AND HEALTH CARE INDUSTRIES, HEALTH INSURANCE, AND GENERAL ECONOMIC CONDITIONS.**

## **Delay in Payment of Temporary Debt**

Management's financial forecast contained in the Financial Feasibility Study included in APPENDIX C hereto currently anticipates that the Series 2026B-1 Bonds and the Series 2026B-2 Bonds will be subject to mandatory redemption from funds held in the Entrance Fee Fund from the collection of Entrance Fees from the initial fill up of the Project's Independent Living Units. Sufficient Entrance Fees are expected to have been collected upon achieving occupancy of 85% and 50%, to allow for the redemption of the Series 2026B-1 Bonds and the Series 2026B-2 Bonds, respectively of the Project. The Optional Redemption Fund established by the Bond Indenture will be funded from Initial Entrance Fees relating to the Project which have been released from the Entrance Fee Fund in accordance with the Master Indenture as described herein. There can be no guarantee, however, that there will be sufficient funds in the Entrance

Fee Fund in order to so redeem such Series 2026B-1 Bonds and Series 2026B-2 Bonds. See “SECURITY FOR THE SERIES 2026 OBLIGATIONS — Entrance Fee Fund” herein.

### **Failure to Achieve or Maintain Occupancy or Turnover**

The economic feasibility of the Facilities depends in large part upon the ability of the Corporation to attract and retain sufficient numbers of residents to the Facilities and to achieve and maintain optimal occupancy or payor mixes throughout the term of the Series 2026 Bonds.

Demand for services of the Facilities could also be affected by many factors, including: (i) a decline in the population or a change in the age composition of the population, (ii) a decline in the economic conditions of the service area for the Corporation’s Facilities; (iii) advances in scientific and medical technology; (iv) increased or more effective competition from nursing homes, assisted living communities and long-term care communities now or hereafter located in the service area of the Corporation’s facilities; (v) to the extent any residents use long-term care insurance to help pay for their care, an increase in long-term care insurance premiums or other disruptions in the long-term care insurance market; (vi) efforts by insurers and governmental agencies to reduce nursing home and long-term care communities utilization through the use of preventive medicine, care coordination and home health care programs; and (vii) general disruptions in the health care, long-term care or insurance markets resulting from health care reform efforts, including the potential repeal and replacement of the Affordable Care Act. See “Health Care Reform” herein for additional information.

The Corporation’s ability to maintain a high level of occupancy depends to some extent on factors outside their control, such as the residents’ right to terminate their residency agreements at any time, subject to the conditions provided in the residency agreements, the investment environment, and the duration and outcome of any future pandemics. If the Facilities fail to maintain a high level of occupancy, there may be insufficient funds to pay debt service on the Series 2026 Bonds. Moreover, if a substantial number of residents live beyond the anticipated life expectancies assumed by the Corporation, or if permanent transfers to the nursing units are substantially less than assumed by the Corporation, or if market changes require a reduction (or limit the rate of increase) in the amount of the Entrance Fees payable by new residents of the Facilities, the amount of additional Entrance Fees would be reduced, with a consequent impairment of the Corporation’s revenues. Such impairment would also result if the Corporation is unable to remarket units becoming available when residents die, withdraw, or are permanently transferred to the nursing units.

### **Uncertainty of Full Occupancy and Fee Collection**

Payment of the Series 2026 Obligations is dependent in part on the ability of the Corporation (a) to collect Entrance Fees from residents occupying residential units or health care center beds vacated by deceased residents or by permanent transfers from residential units to health care center beds or by residents leaving the Facilities for other reasons and (b) to keep the Facilities occupied by residents who can pay both the Entrance Fees and the monthly service fee or per diem rates for the health care center. Many factors, including economic conditions such as a depressed housing market, could prevent prospective residents from selling their homes and generating cash sufficient to pay Entrance Fees. Developments in the national housing market could have an adverse effect on the ability of potential residents to sell their homes and realize funds sufficient to pay required Entrance Fees. See “Sale of Personal Residences” and “Impact of Market Turmoil” herein.

Under certain conditions, portions of Entrance Fees must be refunded by the Corporation to residents or prospective residents upon termination of a residency agreement. See APPENDIX A – “FEES AND SERVICES” attached hereto.

Management of the Corporation's budgets and financial forecasts include regular increases in Entrance Fees, monthly service fees and daily rates necessary to offset increasing costs due primarily to inflation. There can be no assurance that such increases can or will be made or that increases in expenses will be no greater than assumed. In addition, since many of the residents will be living on fixed incomes, there can be no assurance that any such fee increases can be paid by residents or that such increases will not adversely affect the utilization of the Facilities. The Corporation currently retains a certain number of residents who initially met the Corporation's financial requirements for residency but who, after admittance, may be unable to pay in full all monthly and other fees by reason of circumstances beyond their control. Additionally, the Corporation could possibly be required to accept additional residents unable to pay all fees in the future in order to maintain its tax-exempt status.

The current fee structure for the Community is described in APPENDIX A. The Corporation sets such fees based on, among other things, forecasts and actuarial tables. If the number of deaths and permanent transfers to the health care facility is less than assumed, the revenues of the Corporation could be adversely affected.

### **Discounting of Entrance Fees; Potential Refund of Entrance Fees**

The Corporation may feel compelled to offer discounts to Entrance Fees in the future to achieve desired levels of occupancy of the Facilities. Certain assumptions regarding the operation of the Facilities will be directly affected by the discounting of initial Entrance Fees. Discounting of Entrance Fees could significantly affect the cash flow of the Corporation.

Under certain circumstances, the Corporation is obligated to refund a resident's Entrance Fee. The payment of such refunds could adversely affect the Corporation's ability to make payments required by the Loan Agreements, and the Series 2026 Obligations. See APPENDIX A attached hereto for more information about the Entrance Fees relating to the Facilities.

### **Financial Assistance and Obligation to Residents**

The Corporation only intends to enter into residency agreements with residents who it considers creditworthy. The Corporation intends to provide, but does not guarantee, financial assistance to residents unable to pay monthly service fees by reasons of circumstances beyond their control. The Corporation, as an organization described in Section 501(c)(3) of the Code (an "Exempt Organization"), is required by applicable laws relating to its status as an Exempt Organization to maintain a policy of generally not requiring residents to leave its facilities because of the inability to pay, and the Corporation has stated that it expects to maintain such a policy. Such requirement and policy may require the Corporation in the future to provide increased financial assistance or absorb greater operating losses. There may be circumstances, however, under which the requirements for greater financial assistance may have a material adverse effect on the financial condition of the Corporation and any future Members of the Obligated Group that qualify as Exempt Organizations. See APPENDIX A – "FINANCIAL INFORMATION – Charitable Care" for more information about financial assistance for residents.

### **Nationwide Nursing and Qualified Healthcare Worker Shortage; Increased Costs**

Senior living providers and most other health care providers in general depend on qualified nurses and aides to provide quality service to patients and residents, and the Corporation competes with other senior living and health care providers for qualified nurses and other qualified health care workers. While management of the Corporation believes that its supply of nurses and health care workers is adequate, there is currently a nationwide shortage of qualified nurses and health care workers, which is expected to continue for the foreseeable future. Further, in April 2024, the Centers for Medicare & Medicaid ("CMS") finalized a rule that

established minimum staffing standards for nursing homes that receive Medicare or Medicaid funding. The rule contains staggered implementation beginning in May of 2026 and the increased cost to nursing homes associated with the staffing mandate is an estimated \$6.5 billion per year. Industry advocacy organizations have initiated lawsuits challenging the rule and seeking to enjoin its implementation and enforcement. On April 7, 2025, a Texas federal district court vacated the minimum hourly staffing standards ruling that the 24/7 requirement for registered nurses exceeded the authority of CMS (*American Health Care Association, et al v. Kennedy*, Nos. 2:24-CV-114-Z-BR and 2:24-CV-171-Z (consolidated) (Amended Complaint) (N.D. Texas, Jun. 18, 2024)). The federal government has appealed the decision to the Fifth Circuit Court of Appeals. It is unknown whether the appeal will prevail and if and how such litigation might affect the Corporation in the future. On July 4, 2025, President Trump signed into law budget reconciliation legislation, often referred to as the “One Big Beautiful Bill Act,” which places a moratorium on the minimum staffing standards through 2034. The worker shortage, which may increase if the minimum staffing rule becomes effective, and the more stressful working conditions it creates for those remaining in the profession are increasingly viewed as a threat to patient safety and may trigger the adoption of state and federal laws and regulations intended to reduce that risk. For example, some states are considering legislation that would prohibit forced overtime for nurses and other types of health care workers. In response to the shortage of qualified nurses and health care workers, providers of health care services, including senior living providers, have increased and could continue to increase wages and benefits to recruit or retain nurses and other health care workers and in some cases have been required to hire more expensive contract nurses. Additionally, some health care providers, including senior living providers, are looking to international solutions to address workforce shortages. Management of the Corporation does not currently anticipate a broad need to increase wages and benefits to recruit or retain nurses and other health care workers or to utilize more expensive contract workers, including nurses. A lack of qualified nurses and health care workers or increased costs to recruit and retain nurses and health care workers could adversely affect the operating results of the Corporation. Additionally, the COVID-19 pandemic exacerbated staffing shortages, with practitioners and other personnel deciding to leave the health care sector or retire early. In addition, several COVID-19 related factors, such as fear of workplace exposure, vaccination mandates, and difficulties in finding child and elder care, caused a tight job market, generally. Many employers in a variety of sectors continue to struggle to fill available positions. These personnel shortages may result in increased costs and lost revenues from time to time due to the need to hire agency staffing personnel at higher rates, increased compensation levels to retain current personnel, and the inability to operate at capacity due to the staff shortage, any of which could materially adversely impact the Corporation’s business or financial condition.

### **Increases of Medical and Labor Costs**

A deviation from the anticipated medical care requirements of the resident population or substantial unanticipated increases in the cost of such care could have a negative impact on the operations of the Facilities of the Corporation. In addition, the cost of providing health care services may increase due to many reasons, including increasing regulation by the federal, state or local governments, increasing insurance costs and litigation, increases in salaries paid to nurses and other health care personnel and shortages in such personnel that may require the use of employment agencies or other temporary service providers. Increases in third party therapy services and other ancillary costs such as drugs and medical supplies may also increase costs. Such cost increases may be exacerbated by a pandemic such as the COVID-19 pandemic. The undertaking to provide such care is a contractual obligation of the Corporation, and no assurance can be given that the Corporation will have sufficient funds to meet its anticipated obligations.

In addition, the cost of providing health care services may increase due to increases in salaries paid to nurses and other health care personnel and due to shortages in such personnel which may require use of employment agencies. Increases in third party therapy services and other ancillary costs such as drugs and medical supplies may also increase costs. Shortages of skilled and unskilled workers may have a material

impact on the operations of the Corporation. For example, many senior living providers experience significant difficulty with staff turnover and/or hiring entry level staff at entry-level pay.

### **Tariffs**

Since March 2025, President Trump and his administration have implemented, canceled and revised various tariffs on certain goods from a number of countries. Management of the Corporation cannot predict the future status of such tariffs or any additional tariffs. Any tariffs may cause the cost of inventory, food, construction materials and other goods used by the Corporation to materially increase and potentially have an adverse effect on the Corporation's financial condition. The costs of the new money projects to be financed with the Series 2026 Bonds as well as the Corporation's strategic master plan could be materially higher than expected by the Corporation. See "THE PROJECT—Project Budget" in APPENDIX A. Additionally, the administration's tariff policies are causing economic and market turmoil that may have a material adverse effect on the Corporation's realized and unrealized investment portfolio.

### **Construction Risks**

There can be no assurances given that the Project will be completed or that it can be completed for the cost and within the time as set forth in this Official Statement. See APPENDIX A and APPENDIX C hereto. Failure to complete the Project, or to complete it in a timely fashion at the estimated cost, could adversely affect the ability of the Obligated Group to generate sufficient revenues to continue its planned operations and to make payments with respect to the Series 2026 Bonds. For example, the plan of finance assumes that Entrance Fees payable on or before initial occupancy of the Project by individual residents will be used to refund the Series 2026B Bonds. See "THE SERIES 2026 BONDS — Redemption of the Series 2026B Bonds — Mandatory Redemption of Series 2026B Bonds from Initial Entrance Fees." If the completion of the Project is delayed, the receipt of Entrance Fees necessary for such purpose, as well as the receipt of monthly service fees necessary to fund operations, may be adversely impacted. See "THE PROJECT – Permits and Approvals" in APPENDIX A hereto.

Whether or not the Project will be completed on schedule depends upon a large number of factors, many of which may be beyond the control of the Corporation. These include, but are not limited to, adverse weather, strikes, delays in the delivery of or shortages of materials, delays in the issuance of required building or other necessary permits, environmental restrictions or similar unknown or unforeseeable contingencies. Further, there can be no assurance that the Project will conform to construction specifications or state or local regulations. The occurrence of any of the foregoing could result in increases in construction costs or considerable delays in, or complete impossibility of, completion of the Project, resulting in a failure to achieve anticipated operating results.

Construction costs with respect to this portion of the Project could exceed the amounts forecasted in the Financial Feasibility Study in APPENDIX C to this Official Statement. THE FINANCIAL FEASIBILITY STUDY SHOULD BE READ IN ITS ENTIRETY, INCLUDING MANAGEMENT'S NOTES AND ASSUMPTIONS SET FORTH THEREIN. See APPENDIX C hereto.

### **Construction Draws**

The ability of the Corporation to cause disbursements to be made from the Project Account of the Bond Proceeds Fund held under the Bond Indenture is subject to compliance by the Corporation with various requirements of the Construction Disbursement Agreement. If the conditions to receipt of disbursements are not met, construction draws may be temporarily suspended. A temporary suspension of funding might cause delay in completion and related cost overruns. Proceeds remaining in the Project Account of the Bond Proceeds Fund held under the Bond Indenture would not be sufficient to pay the

principal of the Series 2026 Bonds and other indebtedness of the Obligor upon acceleration. See APPENDIX A -- “THE PROJECT TEAM – The Construction Manager and Contractor” and – “The Construction Contract.”

### **Federal Health Care Laws and Regulations; Medicare and Medicaid**

The Corporation’s independent living units are not currently subject to significant federal governmental regulation other than laws and regulations applicable generally to developers and operators of residential real estate. For example, the Corporation must comply with the federal Fair Housing Act and Fair Housing Amendments Act of 1988, 42 U.S.C.A. §3601 et seq., as amended, (which among other things, prohibits discrimination in housing) and the Americans with Disabilities Act of 1990, 42 U.S.C.A. §12101 et seq., as amended (which mandates the elimination of discrimination against individuals with disabilities and imposes certain standards relating to the construction and/or renovation of certain buildings and structures). Compliance with such regulatory requirements can increase operating costs and thereby adversely affect the Corporation’s financial results. Failure to comply with such requirements, though, could result in the imposition of various fines and other remedies.

Skilled nursing facilities (“SNFs”) that accept payment from Medicare and Medicaid are required to comply with federal laws that affect the rights of residents, including the Federal Nursing Home Reform Act and related regulations. In addition, state laws establish the rights and responsibilities of residents of nursing homes and assisted living facilities. The federal home and community-based services (“HCBS”) settings rule requires assisted living providers to ensure community integration, privacy, and autonomy for residents. Failure to comply with these laws can result in regulatory action, monetary fines, loss or restriction of licensure or certification, and other remedies. There is no certainty that compliance with the laws or regulatory actions under them will not adversely affect operation of the Facilities or the financial condition of the Corporation.

The health care industry in general is subject to regulation by a number of federal, state and local governmental agencies, including the Centers for Medicare & Medicaid (“CMS”). As a result, the industry is sensitive to legislative changes in such programs and is affected by reductions in governmental spending for such programs. Congress has in the past enacted a number of provisions that affect health care providers and additional legislative changes can be expected. Previous legislative actions have included limitation of payments to nursing homes under the Medicare program.

As of the date of this Official Statement, [all of the Skilled Nursing Beds of the Community are certified for Medicare]. The Corporation does not currently participate in the State of Michigan Medicaid program, and the Corporation does not anticipate future enrollment in this program. For information about the current payor mix of the Community, see APPENDIX A “FEES AND SERVICES – Skilled Nursing Payor Mix” in hereto. The Corporation’s future payor mix is unknown. Changes to payor mix and reimbursement rates have occurred in the past and are expected to occur in the future, particularly in response to federal and state budgetary constraints. It is unknown if and how such changes might impact the Corporation in the future.

**General.** Medicare is a federal insurance program that, among other things, provides reimbursement for nursing facility care in Medicare-certified facilities. Generally, a resident will qualify for Medicare reimbursement only if the resident’s admission to the nursing home facility is immediately subsequent to the resident’s three or more consecutive day stay at an acute care facility. Medicare reimbursement for nursing care is limited to a renewable 100-day period for each qualified resident. Medicare currently reimburses providers of nursing care through a Prospective Payment System that pays a per diem rate based on resident acuity. Actual payment rates are subject to change.

Medicare Advantage Plans (sometimes referred to as “MA Plans” or “Part C”) are a type of Medicare health plan offered by a private health insurance plan that contracts with Medicare to provide all the Medicare beneficiary’s Part A and Part B benefits. Most MA Plans also offer prescription drug coverage. MA Plans are an “all in one” alternative to Original Medicare. Medicare pays a fixed amount each month to the MA Plans. Such payments are set by CMS and are subject to change as a result of federal legislative and administrative actions, including changes in the methods for calculating payments, the amount of payments that will be made for covered services and the types of services that will be covered under the program. Such changes have occurred in the past and are expected to occur in the future, particularly in response to federal budgetary constraints. It is unknown if and how such changes might impact the Corporation in the future. MA Plans can also decide to leave the Medicare Advantage Program. If a MA Plan leaves the program, residents will be automatically returned to Original Medicare unless they choose to join another MA Plan. Moreover, the Corporation’s participation in MA Plans could be terminated or the Corporation could have funds recouped by MA Plans due to improper reimbursement for health care services rendered by the Corporation.

As a result of the Protecting Access to Medicare Act of 2014, CMS established a skilled nursing facility value-based purchasing program in 2018. Under this program, CMS evaluates skilled nursing facilities on their performance awarding incentive payments for improved quality of care. The program currently uses a 30-day re-admission measure for unplanned hospital readmissions. CMS prospectively withholds 2% of skilled nursing facility fee for service payment to fund the program, and redistributes 60% of the withhold as incentive payments. The remaining 40% is retained in the Medicare Trust Fund. This program is subject to change as a result of federal legislative and administrative actions, including changes in the methods for calculating incentive payments. Such changes may occur in the future, particularly in response to federal budgetary constraints. It is unknown at the present time whether this program will be changed in future legislation or other actions by the federal government but material changes could have an adverse effect on the revenues of the Corporation.

Other future legislation, regulation or actions by the federal government are expected to continue the trend toward more limitations on reimbursement for long-term care and other health care services. At present, no determination can be made concerning whether or in what form such legislation could be introduced and enacted into law. Similarly, the impact of future cost control programs and future regulations upon the Corporation’s financial performance cannot be determined at this time. Budgetary negotiations including congressional discussions regarding decreasing the federal budget in connection with raising the federal debt ceiling may result in lowering Medicare payments to providers such as the Corporation.

***Federal and State of Michigan Health Care Program Reimbursement Cuts or Delays.*** The federal and state governments have in the past, and may in the future, make changes to their respective budgets, which may include budget reductions specific to the Medicare program. Additionally, federal health care reform legislation has resulted in significant reimbursement cuts, and future health care reform efforts (including continuing efforts to repeal and replace the Affordable Care Act) may result in additional cuts. The reduction of Medicare spending may have a material adverse effect upon facilities and providers that accept Medicare payments. [The Corporation is dependent upon Medicare reimbursement. For the Fiscal Year ended September 30, 2025, approximately [ ]% (\$ ) of the Corporation’s total operating revenue came from Medicare Part A and Part B payments].

***Medicare Reporting Requirements.*** Medicare regulations provide that all entities furnishing services for which payment may be made under Medicare are required to submit certain information to CMS. Persons who fail to submit the required information or who fail to report the information accurately and completely are subject to civil or criminal money penalties. As these requirements are numerous, technical and complex, there can be no assurance that the Corporation may not incur such penalties in the

future. These penalties could have a material adverse effect on revenues of the Corporation and/or its ability to operate.

***Government Health Program Regulations Governing Fraud and Abuse and Certain Referrals.***

Federal and state health care fraud and abuse laws generally regulate services furnished to beneficiaries of federal and state (including Medicare) and private health insurance plans, and they impose penalties for improper billing and other abuses. Under these laws, health care providers may be punished for billing for services that were not provided, not medically necessary, provided by an improper person, accompanied by an illegal inducement to use or not use another service or product, or billed in a manner that does not comply with applicable government requirements. Violations of these laws are punishable by a range of criminal, civil and administrative sanctions. If the Corporation violates one of the fraud and abuse laws, among other possible sanctions, federal or state authorities could recover amounts paid, exclude the Corporation from participation in the Medicare program, impose civil monetary penalties, and suspend Medicare payments. The federal government and individuals acting on its behalf have brought many investigations, prosecutions and civil enforcement actions under the fraud and abuse laws in recent years. In some cases, the scope of the fraud and abuse laws are so broad that they may result in liability for business transactions that are traditional or commonplace in the health care industry.

There is an increasingly expanding and complex body of state and federal law, regulation and policy relating to relationships between providers of health care services to patients and potential referral sources such as, but not limited to, physicians. The federal and state illegal remuneration statutes and anti-kickback statutes applicable to Medicare, and all federal and state health care programs (“Government Programs”) prohibits the offer, payment, solicitation, or receipt of any remuneration, directly or indirectly, covertly or overtly, in cash or in kind, for (1) the referral of patients, or arranging for the referral of patients, for the provision of items or services for which payment may be made under the Government Programs; or (2) the purchase, lease or order, or arranging for the purchase, lease or order, of any good, facility, service or item for which payment may be made under the Government Programs. A violation of the illegal remuneration statute constitutes a felony criminal offense, and applicable sanctions include imprisonment of up to five years, fines up to \$50,000 plus three times the illegal remuneration and exclusion from the Medicare program.

The federal Civil False Claims Act (“Civil FCA”) prohibits anyone from knowingly submitting a false, fictitious or fraudulent claim to the federal government. Violation of the Civil FCA can result in civil money penalties and fines, including treble damages. Private individuals may initiate actions on behalf of the federal government in lawsuits called qui tam actions. The plaintiffs, or “whistleblowers,” can recover significant amounts from the damages awarded to the government. In several cases, Civil FCA violations have been alleged solely on the existence of alleged kickback arrangements or violations of Section 1877 of the Social Security Act (commonly known as the “Stark Law”), even in the absence of evidence that false claims had been submitted as a result of those arrangements. The Affordable Care Act (defined below) creates Civil FCA liability for knowingly failing to report and return an overpayment within a specified time. The federal criminal False Claims Act (“Criminal FCA”) prohibits the knowing and willful making of a false statement or misrepresentation of a material fact in submitting a claim to the government. Sanctions for violation of the Criminal FCA include imprisonment, fines, and exclusions.

The Civil Monetary Penalties Law in part authorizes the government to impose money penalties against individuals and entities committing a variety of acts. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Moreover, the Corporations may not knowingly make a payment, directly or indirectly, to a physician as an inducement to reduce or limit

services to Medicare patients under the physician's direct care. The Affordable Care Act amended the Civil Monetary Penalties Law to authorize civil monetary penalties for a number of additional activities, including (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment; (ii) failing to grant the Office of Inspector General timely access for audits, investigations or evaluations; and (iii) failing to report and return a known overpayment within statutory time limits. Violations of the Civil Monetary Penalties Law can result in substantial civil money penalties plus three times the amount claimed.

In addition to the anti-kickback and illegal remuneration statutes, the Stark Law imposes certain restrictions upon referring physicians and providers of certain designated health services, including long term care services, under the Medicare program. Subject to certain exceptions, the Stark Law provides that if a physician (or a family member of a physician) has a financial relationship with an entity (i) the physician may not make a referral to the entity for the furnishing of designated health services reimbursable under the Medicare program, and (ii) the entity may not bill for designated health services furnished pursuant to a prohibited referral. Entities and physicians committing an act in violation of the Stark Law are subject to civil money penalties and exclusion from the Medicare program. Mandated by the Affordable Care Act, the Medicare self-referral disclosure protocol ("SRDP") is intended to allow providers to self-disclose actual or potential violations of the Stark Law. The Affordable Care Act provides for discretion to reduce penalties for providers submitting an SRDP. As a result of the scarcity of case law interpreting the Stark Law, there can be no assurance that the Corporation will not be found in violation of the Stark Law or that self-disclosure of a potential violation would result in reduced penalties for the Corporation. The precise impact on the Corporation of any of the foregoing violations and corresponding sanctions cannot be predicted at this time, but would be negative if any such sanction is imposed.

Sanctions could be applied in many situations where skilled nursing facilities or other health care providers participate in joint ventures with entities or individuals that may be in a position to make referrals or to which skilled nursing facilities or other health care providers may be in a position to make referrals, enter into personal service and management contracts, enter into space and equipment rental agreements, waive co-payments and deductibles, etc. Such sanctions could result in a material adverse effect on the financial position of the Corporation, exclusion from government programs, loss of license or disciplinary action by licensing agencies, and/or substantial civil monetary penalties.

Management of the Corporation does not believe that it is involved in activities that pose a significant risk of sanctions under these referral laws. However, there can be no assurance that such challenge or investigation will not occur in the future.

**Audits.** Most health care providers are audited for compliance with the requirements for participation in the Medicare program. If audits discover alleged overpayments, the Corporation could be required to pay a substantial rebate of prior payments. The federal government contracts with Recovery Audit Contractors ("RACs") on a contingent fee basis to audit the propriety of payments to Medicare providers. The Corporation has not received claims or been a party to settlement negotiations outside of the routine audit processes. Nevertheless, ultimate liability could exceed reserves, and any excess could be substantial. Medicare regulations also provide for withholding payment in certain circumstances, which could adversely affect the Corporation's cash flow.

**Federal Debt Limit Increase.** Through legislation, the federal government has created a debt "ceiling" or limit on the amount of debt that may be issued by the United States Treasury. In past years, political disputes have arisen within the federal government related to debt ceiling increase authorization. Any failure by Congress to increase the federal debt ceiling may impact the federal government's ability to incur additional debt, pay its existing debt, or to satisfy its obligations relating to the Medicare program. Management is unable to determine what impact any failure to increase the federal debt ceiling

may have on the operations and financial condition of the Corporation, although such impact may be material.

### **State Licensure and Other Regulation**

At the present time, laws in the State of Michigan regulating the operation of continuing care facilities are limited to: (i) registration and/or facility licensure requirements for certain types of facilities; (ii) standards of disclosure to residents and potential residents; and (iii) the rights of residents. The CCCDA establishes registration and technical reporting, contract and financial requirements for a “continuing care community.” The CCCDA regulates the offer and sale of life interests and long-term leases in retirement communities while prohibiting fraudulent practices and enabling state government agencies’ authority to prescribe penalties and civil sanctions. Under the CCCDA, a “continuing care community” includes a retirement community that provides continuing care in a nursing home, independent living units and/or a home for the aged (among other services) and also uses a “continuing care agreement.” A “continuing care agreement” is defined in the law as either a long-term lease agreement for more than one year of occupancy, but not for life, or an agreement that grants a life interest for continuing care upon payment of an entrance fee. [The Corporation grants a life interest for continuing care upon payment of an entrance fee and accordingly, under current law, the Corporation is subject to the CCCDA registration and compliance requirements for its Facilities. The Corporation has registered its Facilities as continuing care communities under the CCCDA.]

Newly constructed continuing care facilities in a number of states have encountered financial difficulties for various reasons, such as inadequate initial occupancy rates and inability to achieve forecasted levels of revenues and expenses. This has led to the adoption by several states of legislation regulating continuing care facilities. Such regulation generally includes requirements for: issuance of a certificate of authority prior to construction of a continuing care facility; standards of disclosure to prospective residents; minimum requirements for residence care agreements to protect the interest of residents; and maintenance of minimum reserves for payment of debt service or, in some cases, operating expenses. In some states, if a continuing care provider experiences financial difficulties, the rights of creditors (including bondholders) may be limited or stayed if the state is empowered to initiate receivership or similar proceedings against the provider to protect the rights and interests of residents. Although designed to protect the interests of residents, such state regulation may increase the cost of development or operation of continuing care facilities and make profitable operation more difficult. The possible adoption of any additional legislation in the State regulating continuing care facilities and its effect on the operations of the Obligated Group cannot be predicted at this time.

Michigan has enacted a certificate of need (“CON”) program that applies to nursing homes. The CON program requires approval from the Michigan Department of Health & Human Services prior to acquiring an existing health facility or beginning operation of a health facility at a site not currently licensed, making a change in bed capacity, initiating, replacing, or expanding a covered clinical service, and making a covered capital expenditure. In addition, the Michigan Public Health Code imposes facility licensure requirements on certain types of health care facilities. The Corporation’s skilled nursing facility is licensed by the Michigan Department of Licensing and Regulatory Affairs (“LARA”) to provide nursing care to its residents. As licensed facilities under the Michigan Public Health Code, the skilled nursing, assisted living and memory care facilities are subject to compliance standards for resident care and services, building specifications and resident rights. The licenses are issued for a one year period subject to annual inspection as a condition for renewal of such license. Future legislation or administrative rules, or changes in the interpretation of existing laws or regulations, could impose new or additional regulatory and compliance burdens on facilities subject to licensure under the Michigan Public Health Code. Such regulations could increase the costs of development or operation of the Obligated Group’s licensed facilities and could make profitable operation of such facilities more difficult.

Notwithstanding the intent of the Obligated Group to comply with all licensing requirements, there can be no assurance that all necessary licenses will be renewed from time to time or that one or more licenses will not be revoked or suspended in the future. Any revocation or suspension of any licenses would likely have a material adverse effect on the Obligated Group, the Community and the ability for the Obligated Group to pay principal and interest on the Series 2026 Bonds and Series 2026 Obligations.

## **Health Care Reform; Shifting Political Landscape**

**Legislative Reform.** The Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Affordability Reconciliation Act of 2010 (collectively referred to as the “Affordable Care Act”) has significantly changed the United States health care delivery system, addressing almost all aspects of health care facility and provider operations, including the delivery of health care services, the financing of health care costs, health care provider reimbursement and the legal obligations of health care providers, insurers, employers and consumers. Key changes include cost containment measures such as scheduled reimbursement rate reductions, new payment models which tie reimbursement to quality of care, efficiency and clinical integration initiatives and which may result in lower health care provider reimbursement and utilization changes; fraud and abuse enforcement enhancements; and health insurance market reforms. Additionally, the Affordable Care Act includes a number of initiatives that impact skilled nursing facility reimbursement. Each of these Affordable Care Act initiatives have required health care providers to assess, and potentially alter, their business strategy and practices. While the Affordable Care Act may result in many providers receiving reduced payments for care, millions of previously uninsured Americans have obtained health insurance coverage as a result of the Affordable Care Act. Certain provisions of the Affordable Care Act may improve access to behavioral health and substance abuse disorder treatment services. The Affordable Care Act prohibits the denial of coverage for pre-existing conditions and expands coverage to individuals who may have previously been denied coverage for mental/behavioral health issues. Behavioral health and addiction services are among the ten categories that serve as components of the “Essential Health Benefits” package that must be offered by Healthcare Marketplace insurance plans. In the area of behavioral health services, preventative services included in the Essential Health Benefits package include alcohol misuse screening and counseling, depression screening for adolescents and adults, behavioral assessments for children, and alcohol, tobacco and drug use assessments for adolescents. While management of the Corporation is currently operating within the framework of the Affordable Care Act, management of the Corporation cannot predict with any reasonable degree of certainty or reliability any ultimate effects of the law and its accompanying regulations on the Corporation’s operations or financial condition.

Due to the controversial nature of health care reform generally, the Affordable Care Act and its implementation has been, and remains, politically controversial. Since its enactment, the law has continually faced legal, legislative and political challenges, including legislative repeal efforts. The Affordable Care Act has survived three major Supreme Court challenges, and no bills wholly repealing the Affordable Care Act have passed both chambers of Congress. Accordingly, the majority of the Affordable Care Act remains law. New legal or legislative challenges to the Affordable Care Act may occur in the future. The One Big Beautiful Bill Act (the “OBBBA”), signed into law on July 4, 2025, does not extend the enhanced premium tax credits to those who purchase health insurance through the ACA marketplace which are set to expire at the end of 2025. This may result in higher premiums or lost coverage for individuals enrolled in marketplace plans beginning in 2026. On October 1, 2025, the federal government shut down because Congress could not agree to pass a government funding bill due to an impasse over healthcare funding. In particular, Democratic lawmakers refused to pass a funding bill unless the enhanced premium tax credits were extended and certain changes to the Medicaid program under the OBBBA were repealed. President Trump signed a government funding bill to end the shutdown on November 12, 2025. The funding bill did not include any extension of the enhanced premium tax credits or repeal of changes to the Medicaid program. In connection with the funding bill, Republican lawmakers had promised to hold a

vote for extending the enhanced premium tax credits in December 2025. The final resolution of these matters and their impact on the OBBBA's changes to health care programs are unknown at this time.

The One Big Beautiful Bill Act also shortens the annual Affordable Care Act Marketplace enrollment period and restricts special enrollment periods. Management of the Corporation cannot predict the likelihood of any future Affordable Care Act repeal bills or other health care reform bills becoming law, or the subsequent effects of any such laws or legal decisions, though such effects could materially impact the Corporation's business or financial condition. In particular, any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the Corporation's business or financial condition.

In addition to actual and possible legislative changes or legal challenges, executive branch actions and policies could impact the viability of the Affordable Care Act. See "*Administrative Priorities and Leadership*" below. For example, executive branch action has the potential to significantly impact the Affordable Care Act insurance exchange market by causing a reduction in the number of healthy individuals in the Affordable Care Act health insurance exchanges, a reduction in the number of plans available on the health insurance exchanges, and/or an increase in insurance premiums.

The continued focus on health care reform may increase the likelihood of significant changes affecting the health care industry. Possible future changes in the Medicare and other state programs may reduce reimbursements to the Corporation and may also increase their operating expenses.

In addition, other legislative proposals which could have an adverse effect on the Corporation include: (a) any changes in the taxation of nonprofit corporations or in the scope of their exemption from income or property taxes; (b) limitations on the amount or availability of tax exempt financing for corporations recognized under Section 501(c)(3) of the Code; (c) regulatory limitations affecting the Corporation's ability to undertake capital projects or develop new services; and (d) a requirement that non-profit health care institutions pay real estate property tax and sales tax on the same basis as for-profit entities.

The discussion above (or as otherwise discussed herein) is not an exhaustive study of the laws and regulations which may apply to the Corporation and its operations. Other laws and regulations not set forth herein (or elsewhere herein) may also apply to the Corporation and its operations and may have an adverse impact thereon.

***Administrative Priorities and Leadership.*** The evolving priorities and policies of the Trump administration may have a significant effect on the health care industry. For example, shifts in leadership at executive agencies such as the U.S. Department of Health and Human Services, CMS and the Food and Drug Administration may create uncertainty for health care providers around regulatory priorities, Medicare reimbursement, and other funding upon which providers may rely. The One Big Beautiful Bill Act, signed into law on July 4, 2025, weakens the Affordable Care Act and will reduce federal expenditures to offset tax cuts, which may lead to reduced reimbursement or federal funds otherwise available to health care providers, particularly those serving low-income populations. Policies or legislation aimed at revising or eliminating the tax-exempt status of municipal or private activity bonds or eliminating the 501(c)(3) status of nonprofit health care entities, may materially affect the Corporation's operation, financial condition, or tax-exempt status. See "Federal Health Care Laws and Regulations; Medicare" and "State Licensure and Other Regulation" above and "Federal Tax Matters" below.

## **Accountable Care Organizations and Bundled Payment Programs**

The Affordable Care Act establishes a Medicare Shared Savings Program that seeks to promote accountability and coordination of care through the creation of Accountable Care Organizations (“ACOs”). The program allows hospitals, physicians, senior living providers, and others to form ACOs and work together to invest in infrastructure and redesign integrated delivery processes which are intended to achieve high quality and efficient delivery of services. ACOs that achieve quality performance standards and financial goals are eligible to share in a portion of the amounts saved by the Medicare program. ACOs that do not achieve these standards and goals may share in losses to the Medicare program. The increase of the number of ACOs operating in the United States is growing rapidly and today stands at more than 600 ACOs serving over 5 million Medicare beneficiaries. ACOs generally have to marshal large upfront financial investments to form unique ACO structures and it is not clear that the potential savings will be adequate to recoup the initial investment. In addition, although the ACO regulations provide for waivers of certain federal laws, there may remain regulatory risks for participating entities, as well as financial and operational risks. In particular, since the federal ACO regulation would not preempt state law, providers in any state participating as a federal ACO must be organized and operated in compliance with such state’s existing statutes and regulations. In January of 2015, HHS announced its goal to move half of Medicare payments to alternative payment models (including ACO-based arrangements), indicating HHS’s strong backing of the ACO and alternative payment models. The ACO model is also being considered by commercial payors, with some commercial payors, such as United HealthCare, joining with large health care organizations to form commercial versions of the ACO model.

## **Health Insurance Portability and Accountability Act**

The Health Insurance Portability and Accountability Act, as amended by the Health Information Technology for Economic and Clinical Health Act and as it may further be amended from time to time, and its implementing regulations (collectively, “HIPAA”) provide data privacy and security requirements for safeguarding medical information. HIPAA, which applies to health plans, health care clearinghouses and health care providers who conduct the standard health care transactions electronically and their business associates, includes (1) a “privacy rule,” which sets forth national standards for the protection of individually identifiable protected health information (“PHI”), (2) a “security rule,” which sets forth national standards for protecting the confidentiality, integrity and availability of electronic PHI, and (3) a “breach notification rule” that requires certain notifications to affected individuals, the Department of Health and Human Services, and sometimes the media in the event of a breach of unsecured protected health information. Failure to comply with HIPAA can result in both criminal and civil fines and penalties. Mandatory breach notification and reporting requirements increase the risk of government enforcement as well as class action lawsuits, especially if large numbers of individuals are affected by a breach. Additionally, states may have privacy or consumer protection laws that are broader than HIPAA and, unlike HIPAA, authorize a private right of action. The Corporation has developed policies, procedures and practices to assist it in complying with HIPAA standards and requirements, but if it is ever determined that the Corporation is not in compliance, there could be criminal and civil penalties imposed. Failure to comply with HIPAA could result in fines and penalties that could have a material adverse effect on the Corporation.

## **Private Health Insurance and Long-Term Care Insurance**

The health care sector has been, and continues to be, adversely affected by the volatility in the health insurance industry. Health insurance costs are rising while reimbursement for care is materially strained. Any reductions in reimbursement rates from the private or governmental insurance plans could have a material adverse effect on the operations of the Obligated Group. See “Federal Health Care Laws and Regulations; Medicare” for a description of certain risks related to government health insurance programs (e.g. Medicare). Additionally, to the extent any residents use long-term care insurance to help pay

for their care, an increase in long-term care insurance premiums or other disruptions in the long-term care insurance market could reduce demand for the Obligated Group's services. The Obligated Group's inability to collect the full amount of resident's payment obligations may adversely affect the ability of the Obligated Group to make payments with respect to the Series 2026 Bonds.

### **Catastrophic Events**

Senior living facilities are highly dependent on the condition and functionality of their physical facilities. Damage from natural causes, severe weather, fire, deliberate acts of destruction, terrorism or various facility system failures may have a material adverse impact on the Corporation's business and financial condition, especially if insurance is inadequate to cover resulting property and business losses. Additionally, the risk of natural disasters may be increasing due to global climate changes. The occurrence of such natural disasters may damage the Facilities, interrupt utility service to the Facilities or otherwise impair the operation of the Facilities and the generation of revenues to the Corporation.

### **Insurance, Professional Liability Claims and Losses**

The Corporation is obligated to carry insurance as described in the Master Indenture. See "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" in APPENDIX D. Claims and increases in insurance premiums could, to the extent not covered by increased revenues, adversely affect the Corporation's financial condition. The operations of the Corporation may be affected by increases in the incidence of professional liability lawsuits against retirement facilities and health care providers in general and by increases in the dollar amount of client damage recoveries. These may result in increased insurance premiums and an increased difficulty in obtaining professional and general liability insurance. The Corporation is required by the Master Indenture to maintain insurance in amounts not less than is customary for corporations engaged in the same or similar activities and similarly situated. It is not possible at this time to determine either the extent to which such professional liability or general insurance coverage will continue to be available to the Corporation and any future Member of the Obligated Group or the premiums at which such coverage can be obtained.

### **Malpractice Claims and Losses**

The Corporation has been and may be in the future sued for various medical malpractice claims. The Corporation vigorously defends such litigation and does not believe there are any existing claims that will have a material adverse impact on the Corporation. See "LITIGATION—The Corporation" below. The operations of the Corporation may be affected by increases in the incidence of malpractice lawsuits against elder care facilities and health care providers in general and by increases in the dollar amount of patient damage recoveries. These may result in increased insurance premiums and an increased difficulty in obtaining malpractice insurance. It is not possible at this time to determine either the extent to which malpractice coverage will continue to be available to the Corporation or the premiums at which such coverage can be obtained. No assurance can be given that present levels of coverage can be maintained in ensuing years or that the price of such future coverage will not increase substantially over prior periods.

Any revocation or reductions in state tort medical malpractice reform limits could affect the ability of the Corporation to maintain current levels of professional liability insurance or that such coverage would be available at a reasonable cost.

Litigation may also arise from the corporate and business activities of the Corporation, including from its status as an employer, restrictions on the age of the occupants, restrictions on marital status or the Americans with Disabilities Act violations. Many of these risks should be covered by insurance, but some might not be. For example, certain antitrust claims, claims arising from wrongful termination, claims

arising from physical harm or assault, including sexual molestation, business disputes and workers' compensation claims may not be covered by insurance or other sources and may, in whole or in part, be a liability of the Corporation if determined or settled adversely.

### **Additions to the Obligated Group**

At the time of issuance of the Series 2026 Bonds, the Corporation will be the only member of the Obligated Group. Upon satisfaction of certain conditions of the Master Indenture, other entities can become Members of the Obligated Group. See "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" in APPENDIX D. While management of the Corporation currently has no plans to add additional members to the Obligated Group, they may elect to do so in the future. If and when new members are added, the Obligated Group's financial situation, operations and the material risks relating to the operations and revenue generations thereof will likely be altered from that of the Corporation alone.

### **Affiliates; Guaranties and Payments**

The Corporation could, in the future, have certain affiliates which operate certain healthcare or senior living projects. These affiliated companies are not part of the Obligated Group. If an affiliate of the Corporation was to encounter financial stress, the Corporation may be motivated to invest additional funds or otherwise provide liquidity support to such affiliate, which would reduce the liquidity of the Obligated Group. The Master Indenture contains certain restrictions on the aggregate amount of Property (including cash and investments) that a Member may transfer outside the Obligated Group during any consecutive 12-month period. See the Master Indenture in APPENDIX D – "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" attached hereto.

### **Additional Debt**

The Master Indenture permits the Corporation and any future Members of the Obligated Group to incur Additional Indebtedness which may be equally and ratably secured with the Outstanding Obligations including the Series 2021 Obligations and the Series 2026 Obligations. Any such additional parity indebtedness would be entitled to share ratably in security interest with the holders of the Series 2026 Bonds in any moneys realized from the exercise of remedies in the event of a default by the Obligated Group and in the proceeds of certain insurance and condemnation awards. Any moneys realized from the exercise of remedies in the event of a default by the Obligated Group could reduce the Historical Debt Service Coverage Ratio and could impair the ability of the Obligated Group to maintain its compliance with certain financial covenants. There is no assurance that, despite compliance with the conditions upon which Additional Indebtedness may be incurred at the time such debt is created, the ability of the Obligated Group to make the necessary payments to repay the Series 2026 Obligations may not be materially, adversely affected upon the incurrence of Additional Indebtedness.

### **Market Risk and Interest Rate Swap Agreements**

The Corporation has significant holdings in a broad range of investments. Market fluctuations have affected and will continue to affect the value of those investments and those fluctuations may be, and historically have been, material. Market disruptions have exacerbated the market fluctuations and have negatively affected over certain time periods the investment performance of securities in the Corporation's portfolio. Investment income (including both realized and unrealized gains on investments) has contributed significantly to the Corporation's financial results over recent years.

***Variable Rate Obligations.*** As of the date of this Official Statement, the Corporation does not have any variable rate obligations, but should the Corporation decide to incur such obligations, the interest rates

on these obligations could rise. Such interest rates vary on a periodic basis. Turmoil in the financial markets and supply-demand imbalances have in the past triggered sudden and significant increases in interest costs for many issuers (and conduit borrowers) of taxable and tax-exempt debt, and such market dislocations may occur in the future.

***Interest Rate Swap Agreements.*** The Corporation may utilize interest rate hedges, or swap agreements, to manage exposure to interest rate fluctuations. Swap agreements are subject to periodic “mark-to-market” valuations and may, at any time, have a negative value (which could be substantial) to the applicable Obligated Group Member. Changes in the market value of such swap agreements could negatively or positively impact the operating results and financial condition of the Corporation or any future Obligated Group Member, and such impact could be material. Any of the swap agreements to which an Obligated Group Member is a party may be subject to early termination upon the occurrence of certain specified events. If either the applicable Obligated Group Member or the counterparty terminates such an agreement when the agreement has a negative value to the applicable Obligated Group Member, the applicable Obligated Group Member could be obligated to make a termination payment to the applicable swap counterparty in the amount of such negative value, and such payment could be substantial and potentially materially adverse to the financial condition of the applicable Obligated Group Member. In the event of an early termination of a swap agreement, there can be no assurance that (i) the applicable Obligated Group Member will receive any termination payment payable to it by the respective swap provider, (ii) the applicable Obligated Group Member will not be obligated to or will have sufficient monies to make a termination payment payable by it to the applicable swap provider, or (iii) the applicable Obligated Group Member will be able to obtain a replacement swap agreement with comparable terms.

### **Swap Counterparty and Credit Provider Obligations**

The Corporation currently has a commercial bank line and may in the future, enter into lines of credit or similar agreements with certain commercial banks and swap agreements with bank counterparties (collectively, the “Banks”). The Corporation or any future Member of the Obligated Group may also enter into similar agreements in the future (collectively, the “Bank Agreements”). The Obligated Group’s obligations to such Banks are secured, or may be secured, by Obligations issued under the Master Indenture. Failure by the Obligated Group to make payments due on the related Obligations, or failure by the Obligated Group to comply with the applicable Bank Agreements could cause an Event of Default under the Master Indenture and result in the acceleration of such Obligations, if such acceleration is provided for in the related supplement to the Master Indenture.

### **Factors Affecting Real Estate Taxes**

The Corporation pays real estate taxes to the local tax authorities based upon the assessed value of its non-exempt property. In the future, the tax assessment could be increased and there is no assurance that the amount of real estate taxes the Corporation will be assessed will not increase due to future changes in law, assessment practices or local, district, municipal or school revenue needs.

### **Federal Tax Matters**

***Possible Changes in Tax Status.*** The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Corporation of the current provisions of the federal income or state tax laws could materially and adversely affect the status of the Corporation and thereby the Revenues of the Corporation. The Corporation has obtained a letter from the IRS determining it is an Exempt Organization. As an Exempt Organization, the Corporation is subject to a number of requirements affecting its operation. The failure of the Corporation to remain qualified as an Exempt Organization would affect the funds available for payments to be made under the Loan Agreements and the Series 2026 Obligations.

Failure of the Corporation or the Issuer to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being financed with Series 2026 Bond proceeds, could cause interest on the Series 2026 Bonds to be included in the gross income of Holders or former Holders of the Series 2026 Bonds for federal income tax purposes retroactive to the date of issue of the Series 2026 Bonds. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of Exempt Organizations. There can be no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and Revenues of the Corporation by requiring any Exempt Organization to pay income taxes.

The Tax Cuts and Jobs Act (the “Tax Cuts and Jobs Act”) was signed into law in late 2017 and lowered corporate and individual tax rates, which are set to expire at the end of 2026. The Trump Administration and the 119th U.S. Congress have signified their intention to consider extending (or expanding) these tax cuts. To offset the significant cost of any such tax cuts, federal lawmakers have indicated they need to consider various spending cuts and revenue-raisers, which may include (1) legislation which eliminates or limits the benefit of tax exempt interest on municipal or private activity bonds (such as the Series 2026 Bonds), or (2) legislation which eliminates the non-profit status of senior living and skilled nursing facilities. No assurance can be given that Congress will not propose or pass any such legislation. If adopted, any such proposal could adversely affect the market value or the marketability of the Series 2026 Bonds and the financial condition of the Corporation. The adoption of any such legislation could also significantly increase the cost to the Corporation of financing future capital needs.

The OBBBA that, among other provisions, extends certain tax cuts to corporations and individuals provided by the Tax Cuts and Jobs Act of 2017. To offset the cost of these tax cuts, the legislation contains budgetary cuts and increased regulatory requirements to Medicaid, Medicare, the ACA, and other federal programs. These changes include more frequent Medicaid eligibility determinations, work requirements for certain categories of beneficiaries and limiting provider taxes in future years. Overall, the legislation is predicted to increase the number of uninsured by 11.8 million in 2034, relative to current law. As noted above, on October 1, 2025, the federal government shut down because Democratic lawmakers refused to pass a funding bill in part due to the desire to extend the expiring ACA Marketplace enhanced premium tax credits and repeal changes to the Medicaid program. President Trump signed a government funding bill to end the shutdown on November 12, 2025 that did not include an extension of the enhanced premium tax credits or repeal of Medicaid changes; however, Republicans promised a vote on extending the enhanced premium tax credits in December 2025. While it is too early to determine the impact that the OBBBA will have on federal and state health care programs and their funding generally, and on the Corporation and any future Obligated Group Members, that impact could be material and adverse to the operations and financial condition of the Corporation and the Obligated Group.

***Intermediate Sanctions.*** Section 4958 of the Code provides the IRS with an “intermediate” tax enforcement tool to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Previous to the “intermediate sanctions law,” the IRS could punish such violations only through revocation of an entity’s tax-exempt status. Intermediate sanctions may be imposed where there is an “excess benefit transaction,” defined to include a disqualified person (i.e., a director, officer or other related party) (1) engaging in a non-fair market value transaction with the tax-exempt organization; (2) receiving excessive compensation from the tax-exempt organization; or (3) receiving payment in an arrangement that violates the private inurement proscription. A disqualified person who benefits from an excess benefit transaction will be subject to a “first tier” penalty excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in an excess benefit transaction knowing it to be improper are subject to a first-tier penalty excise tax of 10% of the amount of the excess benefit, subject to a maximum penalty of \$10,000. A “second tier” penalty excise tax of 200% of the amount of the excess benefit may

be imposed on the disqualified person (but not the organizational manager) if the excess benefit transaction is not corrected in a specified time period.

**Bond Audit.** The Series 2026 Bonds may be subject to audit, from time to time, by the IRS. The Corporation believes that the Series 2026 Bonds properly comply with applicable tax laws and regulations. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2026 Bonds, as described under the heading “**TAX MATTERS.**” No ruling with respect to the tax-exempt status of the Series 2026 Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts, and are not guarantees. There can be no assurance, therefore, that an audit of the Series 2026 Bonds will not adversely affect the federal tax-exempt status of the Series 2026 Bonds.

**Other Tax Status Issues.** The IRS has also issued revenue rulings dealing specifically with the manner in which a facility providing residential services to the elderly must operate in order to be considered an Exempt Organization. Revenue Rulings 61-72 and 72-124 hold that, if otherwise qualified, a facility providing residential services to the elderly is exempt under Section 501(c)(3) if the organization (1) is dedicated to providing, and in fact provides or otherwise makes available services for, care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, renders services to all or a reasonable proportion of its residents at substantially below actual cost, and (3) renders services that minister to the needs of the elderly and relieve hardship or distress. Revenue Ruling 79-18 holds that a facility providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the facilities elderly persons, and that the organization is committed by established policy to maintaining persons as residents, even if they become unable to pay the monthly charges after being admitted to the Facilities.

**Other Legislation.** Section 7872 of the Code (Treatment of Loans with Below Market Interest Rates), provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below market rate loan is the avoidance of federal income taxation. A refundable entrance fee payment made by a resident to certain senior living facilities has been determined under Section 7872 to constitute a below market interest rate loan by the resident to the Facilities to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee. Section 7872(h) provides a “safe harbor” exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether the residency agreements come within the scope of the continuing care facility safe harbor or within the statute itself.

Provided the residency agreements fall within the scope of Section 7872, the safe harbor exemption under Section 7872(h) is applicable (i) if such loan was made pursuant to a continuing care contract, (ii) if the resident (or the resident’s spouse) has attained age 62 before the close of the year and (iii) irrespective of the amount of the “loan” by the resident (or the resident’s spouse) to the continuing care facility. Section 425 of the Tax Relief and Health Care Act of 2006 amended Section 7872(h) to make the exemption for loans to qualifying care facilities permanent. Any determination of applicability of Section 7872 could have the effect of discouraging potential residents from becoming or remaining residents of the Facilities.

In recent years, the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax-exempt status of 501(c)(3) organizations generally and of retirement communities in particular. Legislation has been previously introduced restricting the ability of such organizations to utilize tax-exempt bonds unless they maintain a required percentage of low to moderate income residents. Although the Corporation has covenanted to take all appropriate measures to maintain

its status as an Exempt Organization, compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Corporation to charge and collect revenues at the level required by the Master Indenture, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2026 Bonds.

***Proposed Income Tax Law Changes.*** Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Federal legislation has previously been introduced at various times which, if enacted, would have either limited the exclusion from gross income of interest on obligations like the Series 2026 Bonds to some extent for certain individual taxpayers, or eliminated the federal income tax exemption for interest on new obligations like the Series 2026 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

***Corporate Tax Rate.*** Future legislation could have the effect of changing corporate tax rates thereby eliminating or reducing certain tax preferences and other tax related incentives for commercial lenders to directly hold tax-exempt bonds.

***Post-Issuance Compliance.*** The IRS is increasing its surveillance of post issuance compliance by entities issuing tax-exempt bonds. Tax-exempt bonds such as the Series 2026 Bonds are subject to certain federal tax requirements at the time of issuance and while the Series 2026 Bonds remain outstanding. Failure of the Issuer or the Corporation to comply with such requirements threatens the tax-exempt status of the interest on the Series 2026 Bonds for federal income tax purposes. For example, federal arbitrage rules require monitoring over the life of the Series 2026 Bonds to ensure that the yield on investments acquired with proceeds of the Series 2026 Bonds are properly restricted and whether the Corporation must pay yield reduction and/or rebate payments. Given such requirements, issuers and borrowers must actively monitor compliance while bonds are outstanding to improve their ability to identify, avoid, and/or correct noncompliance that may threaten the tax-exempt status of bonds. If a violation does occur, and post issuance compliance standards have been met, an issuer will generally receive more favorable resolution terms under the IRS Voluntary Closing Agreement Program, which assists issuers and borrowers in resolving federal tax violations related to their tax-exempt bonds. The Corporation has a post-issuance compliance policy to assist with monitoring and addressing these issues with respect to its tax-exempt bonds.

## **Environmental Matters**

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are (a) air and water quality control requirements, (b) waste management requirements, including medical waste disposal, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the clinics, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes and (f) other requirements.

In its role as the owner and operator of the Facilities, the Corporation, along with any future Member of the Obligated Group may be subject to liability and practical, financial and legal risks for

investigating and remediating any hazardous substances that may be located on its property or may have migrated on or off of their property. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Corporation and any future Member of the Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Corporation and any future Member of the Obligated Group.

If the Community or other Facilities owned by the Corporation were found to be environmentally contaminated and became a “Superfund site” under the Comprehensive Environmental Response, Compensation and Liability Act, the federal government may require its clean up and the Corporation may be required to pay all or a part of such clean-up costs. If the Corporation were unable to continue operations at the Facilities because of its status as a Superfund site, the value of such Facilities at foreclosure could be reduced by the cost of any clean up.

The Corporation obtained a Phase I environmental site assessment report of the Community in January, 2023. The report noted evidence of three recognized environmental conditions including a 230-gallon gasoline underground storage tank (closed in 1989), which was historically located within the vicinity of the facility’s bus garage on the central portion of the Site, a 6,000-gallon heating oil underground storage tank (closed in 2013), and a 6,000-gallon diesel underground storage tank (removed in 2011). The report recommended that additional investigation in the form of subsurface sampling and potentially ground penetrating radar be conducted due to the referenced recognized environmental conditions. The report revealed no other evidence of on-site recognized environmental conditions.

### **Labor Union Activity**

Currently there is no known organizing activity at the Corporation by any labor organizations. The unionization of employees of the Corporation in the future could have an adverse effect on the financial condition of the Corporation.

### **Bankruptcy**

Title 11 of the United States Code (the “Bankruptcy Code”) permits a bankruptcy court to modify the rights of a creditor holding a secured claim under certain circumstances. In the event of a bankruptcy proceeding involving the Corporation or any future Member of the Obligated Group, by virtue of the Master Indenture, the Master Trustee should be treated under the Bankruptcy Code as one holding a secured claim to the extent provided in the Master Indenture; and by virtue of the Mortgage, the Master Trustee should be similarly treated to the extent provided in the Mortgage (as suggested by the legislative history of the Bankruptcy Code, although there is no direct authority on the point). The potential effects of bankruptcy of the Corporation or any future Member of the Obligated Group could be, among other things, (a) to delay enforcement of remedies otherwise available to the Master Trustee and allow the bankruptcy court, under certain circumstances, to substitute other assets of the Corporation or any other Member of the Obligated Group for collateral under the Master Indenture or the Mortgage, (b) to sell all or part of the collateral under the Master Indenture or the Mortgage without application of the proceeds to the payment of the Obligations, including the Series 2026 Obligations, (c) to subordinate the rights and liens created by the Master Indenture and the Mortgage to liens securing borrowing approved by the bankruptcy court, (d) to permit the Corporation or any other Member of the Obligated Group to cure defaults and reinstate the Master Indenture and the Mortgage, (e) to compel release of the Mortgage or termination of the Master Indenture by payment of an amount determined by the bankruptcy court to be the value of the collateral thereunder (even though less than the total of the Obligations thereunder) or (f) to modify the terms of or payments due under the

Obligations, including Series 2026 Obligations. For additional detail, reference is made to the Bankruptcy Code, 11 U.S.C. 101 *et seq.*

Courts may restrict the ability of the Master Trustee to compel the liquidation of the property of the Corporation or any future Member of the Obligated Group to pay a judgment against it for payment of the Series 2026 Bonds because it is a nonprofit corporation carrying out charitable purposes.

### **Limitations on Enforceability of Remedies**

The security interest in the Gross Revenues may not be enforceable against third parties unless the Gross Revenues are transferred to the Master Trustee and is subject to certain exceptions under the UCC. In such event, the Master Trustee may not be able to compel certain third-party payors to make payment directly to the Master Trustee. The enforcement of the security interest in the Gross Revenues and other Collateral may further be limited by the following: (a) statutory liens, (b) rights arising in favor of the United States of America or any agency thereof, (c) current or future prohibitions against assignment contained in any federal or State of Michigan statutes or regulations, (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction and (e) federal bankruptcy laws, State of Michigan receivership or fraudulent conveyance laws or similar laws affecting creditors' rights that may affect the enforceability of the Master Indenture or the security interest in the Gross Revenues and other Collateral.

Initially, the Corporation will be the only Member of the Obligated Group. In the future, if there is more than one Member of the Obligated Group, the financial results of all the Members of the Obligated Group will be combined for purposes of various covenants and tests, including debt incurrence tests, under the Master Indenture. Although the assets of the Corporation are expected to produce revenues necessary to provide for payment of the Series 2026 Bonds, under the terms of the Master Indenture, substantial portions of all such assets could be conveyed to other Members. In an action involving the enforceability of an Obligation or the security interest in the Gross Revenues or other Collateral granted as security therefor, against a Member of the Obligated Group, payment of such Obligation may not be enforced if sufficient consideration was not received by such Member for the Obligation and its incurrence will render such Member insolvent.

The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Bond Indenture, the Loan Agreements, the Master Indenture and the Mortgage. Any attempt by the Bond Trustee or the Master Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Bond Indenture, the Loan Agreements, the Mortgage or the Master Indenture may not be readily available.

### **Limited Value At Foreclosure**

The Community has been specially designed as a senior living and healthcare facilities and may not be practically suited to alternative uses. As a result, in the event of default and eviction of the Obligated Group from the Community through foreclosure or otherwise, the Master Trustee's and the Bond Trustee's remedies and the number of entities which would be interested in purchasing the Community might be limited, and the sales price generated by the Community might thus be adversely affected. Such value may also be limited by actual or alleged rights of residents. In addition, the practical realization of value from the real property subject to the Mortgage upon any default will depend on the exercise of remedies specified under the Mortgage, principally, foreclosure. Under Michigan law, however, the remedies may not be readily available or may otherwise be limited. Other statutory provisions (such as the federal bankruptcy

laws) also may have the effect of delaying enforcement of the lien and security interest under the Mortgage in the event of a default by the Obligated Group.

### **Risks of Real Estate Investment**

Ownership and operation of real estate, such as the Facilities, involves certain risks, including the risk of adverse changes in general economic and local conditions (such as the possible future oversupply and lagging demand for rental housing for the aged), adverse use of adjacent or neighboring real estate, community acceptance of the Facilities, increased competition from other senior living facilities, changes in the costs of operation, difficulties or restrictions in the ability to raise fees charged, damage caused by adverse weather and delays in repairing such damage, population decreases, uninsured losses, failure of residents to pay rent, operating deficits and mortgage foreclosure, lack of attractiveness of the Facilities to residents, adverse changes in neighborhood values, and adverse changes in zoning laws, federal and local rent controls, other laws and regulations and real property tax rates. Such losses also include the possibility of fire or other casualty or condemnation. If the Facilities or any portion thereof becomes uninhabitable during restoration after damage or destruction, the residence units or common areas affected may not be available during the period of restoration, which could adversely affect the ability of the Corporation to generate sufficient revenues to pay debt service on the Series 2026 Bonds and the Series 2026 Obligations. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of the Facilities difficult or unattractive. These conditions may have an adverse effect on the demand for the services provided by the Facilities as well as the market price received in the event of a sale or foreclosure one or more of the Facilities. Certain other factors that cannot be determined at this time also may adversely affect the operation of the Facilities.

### **Risk of Early Redemption**

There are a number of circumstances under which all or a portion of the Series 2026 Bonds may be redeemed prior to their stated maturity. For a description of the circumstances in which Series 2026 Bonds may be redeemed and the terms of redemption, see “**THE SERIES 2026 BONDS**” above.

### **Risk of Loss Upon Redemption**

The rights of beneficial owners to receive interest on the Series 2026 Bonds will terminate on the date, if any, on which such Series 2026 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Bond Indenture, and interest on such Series 2026 Bonds will no longer accrue on and after such date of redemption to the extent funds are available for the payment of the redemption price of such Series 2026 Bonds. In addition, there can be no guarantee that present provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the Series 2026 Bonds taxable for federal income tax purposes. Interest earned on the principal amount of the Series 2026 Bonds may or may not be subject to state or local income taxes under applicable state or local tax laws. Each prospective purchaser of the Series 2026 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2026 Bonds in a particular state or local jurisdiction.

### **Lack of Marketability**

Although the Underwriter intends, but is not obligated, to make a market for the Series 2026 Bonds, there can be no assurance that there will be a secondary market for the Series 2026 Bonds, and the absence of such a market for such bonds could result in investors not being able to resell the Series 2026 Bonds should they need to or wish to do so.

## **COVID-19 Pandemic or Other Public Health Emergency**

*General.* The occurrence of a public health emergency, including a pandemic similar to the COVID-19 pandemic discussed below, and governmental and public responses to such emergency, may directly or indirectly affect the operations and financial condition of senior living facility operations in a multitude of ways. There can be no assurance that a future pandemic or other public health emergency will not result in material adverse consequences to the operations or financial condition of the Obligated Group. The extent to which business interruption insurance would be available in connection with a pandemic or other public health emergency is fact- dependent and there can be no assurance that any available coverage would be sufficient to cover losses.

*COVID-19 Pandemic.* The COVID-19 pandemic had significant negative effects on the economy generally as well as direct health care related consequences. The pandemic resulted in volatility in equity markets and the public markets for the issuance and trading of all securities. The pandemic caused business failures and cutbacks attributable to “social distancing” practices and changes in market behavior. National, state, and local governmental actions taken during the pandemic, including the passage of laws and regulations, caused substantial changes to the way health care is provided and how society in general functions and may have long-term consequences for the way health care services are provided generally.

### **Government Aid for COVID-19**

The U.S. federal government declared a public health emergency (“PHE”) in January 2020 and a national emergency (“NE”) in March 2020 in response to the COVID-19 pandemic and initiated a variety of federal relief efforts. The NE and PHE declarations ended on April 10, 2023 and May 11, 2023, respectively, resulting in the conclusion of many of the regulatory flexibilities and waivers granted by the federal government under emergency authority. Many of the federal and state legislative and regulatory measures allowing for flexibility in delivery of care and financial support for health care providers were available only for the duration of the COVID-19 PHE and NE. Most states, including Michigan, have ended their state-level emergency declarations. It is not yet clear what impact the withdrawal of any regulatory flexibilities will have, and there can be no assurance that it will not have a material negative financial impact on the Obligated Group.

The federal Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) create a Public Health and Social Services Emergency Fund, commonly known as the Provider Relief Fund, with a direction to the U.S. Department of Health and Human Services (“HHS”) to distribute funds through grants or other mechanisms to eligible providers for healthcare related expenses or lost revenues that are attributable to COVID-19. HHS distributed funding from the Provider Relief Fund as grants, not as loans, and did so automatically without requiring an application. However, all Provider Relief Fund recipients must attest to the program’s “Terms and Conditions,” which among other things, require the submission and maintenance of documentation to substantiate that funds were used for allowable expenses. To be an allowable expense under the program, the funds must have been used to prevent, prepare for and respond to COVID-19. All allowable expenses must be supported by adequate documentation in accordance with the Terms and Conditions.

HHS is actively auditing recipients of Provider Relief Funds to ensure compliance with the Terms and Conditions of the CARES Act. Violations may be pursued as false claims under the Federal False Claims Act and may occur as a result of an audit by HHS or by the filing of a whistleblower complaint under the Federal False Claims Act. There can be no assurance that the Obligated Group will not be the subject of an audit, what the penalties for even minor and inadvertent violations might be, or that the Obligated Group will not be the subject of false claims actions, whether arising as a result of HHS oversight activities or in response to whistleblower findings.

## **COVID-19 and Future Pandemics or any Future Similar Related or Unrelated Disease Outbreaks**

The COVID-19 pandemic, together with public and private sector responses to the virus, had a direct impact on the Corporation's operations. The Corporation's business and financial results may be affected by a similar related or unrelated international, national, or localized outbreak of a highly contagious disease, epidemic, or pandemic. An outbreak of COVID-19 or another international, national, or localized outbreak of highly contagious disease, epidemic, or pandemic could result in decreased occupancy, temporary shutdown or diversion of residents, direct or indirect liability, increased costs, staffing shortages, marketing and branding concerns and other adverse impacts on the Corporation.

Further, the COVID-19 pandemic altered the behavior of businesses and people in a manner that had a substantial negative effect on local, regional and global economies. A renewed spread of COVID-19 or any other similar international, national, or localized outbreaks of contagious diseases in the future may materially adversely impact global, national, state and local economies and, accordingly, may materially adversely impact the financial condition of the Corporation.

### **Impact of Market Turmoil**

In addition to the market effects of COVID-19 discussed above, economic turmoil has in the recent past had, and could in the future have, negative repercussions upon the United States and global economies. In August 2023, Fitch Ratings downgraded its credit history of the federal government from "AAA" to "AA+" reflecting "the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance." Subsequently, in May 2025, Moody's Ratings downgraded the U.S. federal government's credit rating from "Aaa (negative)" to "Aa1 (stable)" reflecting the "increase over more than a decade in government debt and interest payment ratios to levels that are significantly higher than similarly rated sovereigns." Future changes to the U.S. economy and market conditions could affect the market and demand for the Series 2026 Bonds in addition to adversely affecting the value of any investments of the members of the Obligated Group and any future member of the Obligated Group. This economic turmoil has particularly impacted the financial sector, prompting a number of banks and other financial institutions to seek additional capital, to merge and, in some cases, to cease operations. The senior housing sector has been adversely affected as a direct consequence of previous disruptions of the credit and financial markets. Such consequences have generally included realized and unrealized investment portfolio losses, reduced investment income, limitations on access to credit markets, difficulties in extending existing or obtaining new liquidity facilities and increased borrowing costs, lack of confidence in the financial sector, volatility in the financial markets, fluctuations in interest rates, reduced economic activity, increased business failures and increased consumer and business bankruptcies. At times, market conditions have adversely affected investment earnings and values and could adversely affect the value of the Corporation's investments and those of prospective residents, as well as future investment earnings. Further, sales of residential real estate have at times been negatively impacted. As a result, prospective residents of the Facilities at times in the past have encountered, and in the future could encounter, difficulty in liquidating investments and selling homes in order to raise necessary cash to pay their Entrance Fees and the monthly service fees. Continued or future economic turmoil or market disruptions could similarly affect future and prospective residents of the Facilities which may affect the financial position of the Corporation. See "– Sale of Personal Residences" above and "– Tariffs" herein.

### **Cybersecurity**

Like many organizations, the Corporation is highly dependent on digital technologies, such as electronic health records, to process, transmit and store sensitive and confidential data, including PHI personally identifiable information of its patients and employees, and proprietary and confidential business performance data. These systems necessarily hold large quantities of highly sensitive protected health

information that is highly valued on the black market for such information. As a result, the electronic systems and networks of organizations like the Corporation are considered likely targets for cyber-attacks and other potential breaches of their systems.

Any breach or cyber-attack that compromises patient data could result in negative press and substantial fines or penalties for violation of HIPAA or similar state privacy laws that may harm the Corporation's business or financial condition. In addition to regulatory fines and penalties, health care entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss and damage to its information technology ("IT") infrastructure. Although management is not currently aware of having experienced a material security breach, the Corporation's IT security measures may not be sufficient to prevent cyber-attacks in the future. As cybersecurity threats continue to evolve, the Corporation may not be able to anticipate certain attack methods in order to implement effective protective measures and may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. Additionally, the Corporation's IT systems routinely interface with and rely on third party systems that are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider could harm the Corporation's business or financial condition. Although the Corporation has insurance against some cyber risks and attached, it may not be sufficient to offset the impact of a material loss event. In addition to regulatory fines and penalties, the healthcare entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure.

### **Licensing Delay**

The timeline to achieve licensure for the Project may be longer than expected and negatively impact occupancy levels of the Community and revenues of the Obligated Group. Any delay in the licensing and full operation of the Project would result in losses in excess of those projected in the Financial Feasibility Study in APPENDIX C to this Official Statement. **The Financial Feasibility Study should be read in its entirety, including Management's notes and assumptions set forth therein.** See APPENDIX C hereto.

### **Risks Inherent in Bank-Credit**

Subsequent to the expected issuance of the Series 2026 Bonds, the Corporation will not have any outstanding bank-held debt ("Bank-Credit") but may choose to incur Bank-Credit in the future which subjects the Corporation to certain risks, including:

- To the extent the Bank-Credit bears interest at variable rates, or bears interest at rates that are redetermined periodically, such bonds present "interest rate risk" – the risk that the interest rates on the Bank-Credit and/or annual bank fees will increase.
- "Renewal risk" – Certain of the Bank-Credit is comprised of bonds directly purchased and/or privately placed with banks for specified holding periods, and either bear interest at a variable rate plus a fixed spread or a fixed rate (subject to any required interest rate hedge agreements). Certain of these bonds are subject to mandatory tender at the end of the specified holding periods.
- Because certain of the Bank-Credit is subject to tender at the ends of the specified holding periods, the Corporation must periodically extend the existing bank's holding period or find a replacement bank. To manage bank renewal risk, the Corporation will seek to renew

or replace bank purchases as far in advance as reasonable of stated holding periods. No assurance can be given that the Corporation will be able to renew or replace bank purchases on reasonable terms. The Bank-Credit is also subject to optional tender by the holders or acceleration upon the occurrence of an “event of default” under the applicable bank agreement.

- “Cross-default risk” – like other obligations secured by Master Indenture Obligations, there is a risk that an event of default under the applicable bank agreements governing the Bank-Credit during the period such bonds are held by banks as the purchasers thereof could cause an Event of Default under the Master Indenture. For example, the Covenants Agreement relating to the Series 2025B Bonds may have default provisions that may be more restrictive than the default provisions found in the Master Indenture or the Bond Indenture.

### **Nursing Home Star Rating**

CMS implemented an online reporting system that allows consumers to compare ratings information of Medicare and Medicaid participating nursing homes. The rating is a composite metric consisting of one to five stars (five being the best) and intended to convey the overall performance of over 15,000 nursing homes in the U.S. Ratings are posted to the CMS website on Nursing Home Compare. Each nursing home is rated on three components: (i) health inspection results, (ii) quality measures and (iii) staffing level. In addition, the nursing home is rated as to overall quality. CMS maintains that its star rating will provide consumers with an important tool for comparing nursing homes both locally and nationwide. The Corporation’s 57-bed nursing center is currently rated as a Medicare Five-Star Facility. The Corporation is unable to determine what impact its rating may have on demand for services of these communities or the financial condition of the Obligated Group. See APPENDIX A – “OTHER INFORMATION – Licensing and Accreditation” for more information regarding the Corporation’s rating.

### **Implementation of the Financial Data Transparency Act of 2022**

The Securities and Exchange Commission (“SEC”) and eight federal agencies are involved in the rulemaking process to implement the Financial Data Transparency Act of 2022 (“FDTA”). On August 2, 2024, the SEC and federal agencies issued a proposal establishing technical standards for future data submissions fulfilling requirements of the FDFTA. On August 22, 2024, the Proposed Joint Rules for the FDFTA were published in the Federal Register, with a comment period through October 21, 2024. The Proposed Joint Rules call for municipal market issuers to report their financial data in a digitized, machine-readable format, as is currently required in a corporate disclosure. The timeline called for final rulemaking to be released in December 2024, with the SEC publishing proposed municipal market-specific standards in 2026, followed by the Municipal Securities Rulemaking Board’s proposal and call for comments; however, final rulemaking has not been issued as of January 2026. By the end of 2026, the SEC is expected to issue its final rule for municipal market standards with the effective dates coming in 2027 or after. The already complex, yearslong rulemaking process for the FDFTA may be further complicated by actions of the administration and the U.S. Supreme Court’s recent so-called “Chevron ruling.”

While it is unclear what the federal regulations implementing the FDFTA will specifically require, the Corporation may incur costs in connection with the new municipal market-specific standards. There will also be risk involved with a failure to comply with the new regulations implementing the FDFTA; however, specific penalties for such failure have not been determined.

## **Other Risk Factors**

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Corporation:

- Inability to control increases in operating costs and other medical costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in Revenues from residents whose incomes will largely be fixed;
- Employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in Revenues;
- Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Corporation and any future Member of the Obligated Group;
- A decline in the population, a change in the age composition of the population or a decline in the economic conditions of the market area of the Corporation;
- The cost and availability of energy which could, among other things, affect the cost of utilities of the Facilities;
- Increased unemployment or other adverse economic conditions in the service areas of the Corporation which would increase the proportion of patients who are unable to pay fully for the cost of their care;
- Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the Facilities or other services provided by the Corporation in order to maintain the charitable status of the Corporation;
- Inflation or other adverse economic conditions;
- Reinstatement or establishment of mandatory governmental wage, rent or price controls;
- Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care, retirement benefits and other services to the elderly;
- Inability to control the diminution of patients' assets or insurance coverage with the result that the patients' charges are reimbursed from government reimbursement programs rather than private payments;
- The occurrence of natural disasters, including floods and earthquakes, which may damage the facilities of the Corporation, interrupt utility service to the Facilities, or otherwise impair the operation and generation of Revenues from said facilities; or
- Scientific and technological advances that could reduce demand for services offered by the Corporation.

Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as the Corporation generally carry.

## **FINANCIAL REPORTING AND CONTINUING DISCLOSURE**

### **Financial Reporting**

Under the Master Indenture, the Obligated Group Agent covenants that it will furnish or cause to be furnished to the Master Trustee, each Related Bond Trustee, EMMA (as described below) and any other

municipal securities information repositories identified by the Securities and Exchange Commission, and all owners of any Related Bonds who request such reports in writing (which written request shall include a certification as to such ownership) (the “Required Information Recipients”) the following:

(i) As soon as practicable after it is available but in no event more than 60 days after the completion of the first three fiscal quarters of each Fiscal Year and not more than 90 days after the completion of the fourth fiscal quarter of each Fiscal Year, quarterly occupancy and skilled nursing facility payor mix statistics and year-to-date unaudited financial statements of the Obligated Group (including a report with respect to the fourth quarter of each Fiscal Year) including (i) so long as the Corporation is the sole Member of the Obligated Group, a statement of revenues and expenses and comparison to same periods from the prior fiscal year for the Obligated Group during such period and a balance sheet and statement of cash flows as of the end of each such fiscal quarter for the Obligated Group, and (ii) during any period in which there is more than one Member of the Obligated Group, a combined or combining statement of revenues and expenses and comparison to same period from the prior Fiscal Year for the Obligated Group during such period and a combined balance sheet and statement of cash flows as of the end of each such fiscal quarter for the Obligated Group. In addition, (A) the quarterly report for the fiscal quarter ending March 31 in each Fiscal Year shall include an Officer’s Certificate of the Obligated Group Agent calculating and certifying the Days Cash on Hand of the Obligated Group as of such March 31, in accordance with the Master Indenture, and (B) the quarterly report for the fourth fiscal quarter in each Fiscal Year shall include a summary of the final operating budget of the Obligated Group for the next Fiscal Year.

(ii) If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.00:1 or the Days Cash on Hand of the Obligated Group is less than the Liquidity Requirement for any Testing Date as provided in this Master Indenture, the Obligated Group will deliver the occupancy statistics and unaudited financial statements described in paragraph (i) above on a monthly basis within 45 days of the end of each month until such time as the Historical Debt Service Coverage Ratio of the Obligated Group required to be calculated for any Fiscal Year as described in paragraph (iii) below is at least 1.00:1 and the Days Cash on Hand of the Obligated Group as of a Testing Date is at least equal to the Liquidity Requirement.

(iii) Within 150 days of the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2021, an annual financial report of the Obligated Group for the Fiscal Year then ended audited by a firm of certified public accountants selected by the Obligated Group Agent, including, (i) so long as the Corporation is the sole Member of the Obligated Group, a balance sheet as of the end of such Fiscal Year, a statement of changes in fund balances for such Fiscal Year and a statement of revenue and expenses and a statement of cash flows for such Fiscal Year, and (ii) during any period in which there is more than one Member of the Obligated Group, a combined balance sheet as of the end of such Fiscal Year, a combined statement of changes in fund balances for such Fiscal Year, a combined and an unaudited combining statement of revenues and expenses, and a combined statement of cash flows for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the accountants auditing such report containing calculations of the Obligated Group’s Historical Debt Service Coverage Ratio for said Fiscal Year and of the Obligated Group’s Days Cash on Hand as of the last day of such Fiscal Year and if such accountants shall have obtained knowledge of any default or defaults under the Master Indenture as they relate to accounting matters including, without limitation, pertaining to the Historical Debt Service Coverage Ratio or the Liquidity Requirement, they shall disclose in such statement the default or defaults and the nature thereof. The financial statements shall be prepared in accordance with generally accepted accounting principles and shall be audited by an independent certified public accountant.

(iv) On or before the date of delivery of the financial reports referred to in subsection (iii) above, an Officer's Certificate of the Obligated Group Agent (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of this Master Indenture or if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the Historical Debt Service Coverage Ratio and Days Cash on Hand if required to be tested for such fiscal year under the Master Indenture, as of the end of such fiscal period or Fiscal Year, as appropriate, and (C) narrative discussion of results.

(v) At any time during the Fiscal Year, copies of any correspondence to or from the Internal Revenue Service questioning or contesting the status of a Member as an organization described in Section 501(c)(3) of the Code or with respect to the tax-exempt status of any Related Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, promptly upon receipt.

### **Continuing Disclosure**

Offerings of most municipal securities must comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission (as amended from time to time, the "Rule"). Given that the Series 2026 Bonds are limited obligations of the Issuer, the Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold or sell the Series 2026 Bonds, and the Issuer will not provide any such information. The Corporation (on behalf of itself and the other Members of the Obligated Group) has undertaken all responsibilities for any continuing disclosure to holders of the Series 2026 Bonds as described below, and the Issuer shall have no liability to the holders or any other person with respect to such disclosures.

In accordance with the Rule and so long as the Series 2026 Bonds are Outstanding, the Obligated Group Agent has agreed pursuant to a Continuing Disclosure Undertaking dated as of January 1, 2026 (the "Continuing Disclosure Undertaking"), to cause certain information about the Obligated Group and the Community to be provided. The form of the Continuing Disclosure Undertaking has been included as APPENDIX F hereto.

In the Continuing Disclosure Undertaking, the Corporation, as Obligated Group Agent, has covenanted for the benefit of the holders of the Series 2026 Bonds to provide certain financial information and operating data relating to the Obligated Group by not later than 150 days following the end of the Obligated Group's fiscal year beginning with the fiscal year ending September 30, 2026 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Obligated Group Agent to be material. In addition to its obligations under the Rule, the Obligated Group Agent has agreed to provide certain financial and operating data on a quarterly basis (the "Quarterly Report"). The Annual Report and the Quarterly Report will be filed on the behalf of the Obligated Group with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system located at [www.emma.msrb.org](http://www.emma.msrb.org), as set forth in the Continuing Disclosure Undertaking.

The Continuing Disclosure Undertaking provides bondholders with certain enforcement rights in the event of a failure by the Obligated Group to comply with the terms thereof; however, a default under the Continuing Disclosure Undertaking does not constitute a default under the Bond Indenture, the Master Indenture or the Loan Agreement. The Continuing Disclosure Undertaking may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

In connection with the issuance of the Series 2021 Bonds, the Corporation, on behalf of the Obligated Group, entered into a continuing disclosure undertaking similar to the Continuing Disclosure Undertaking (the "2021 Disclosure Undertaking"). During the past five years, the Corporation failed to

comply with all of the requirements of the 2021 Disclosure Undertaking, including failure to (i) link certain posted reports to all relevant CUSIP numbers, (ii) post two quarterly reports on a timely basis and (iii) post a certificate of the Auditor calculating the Corporation's Debt Service Coverage ratio and Days Cash on Hand for purposes of the Rate Covenant and Liquidity Covenant, respectively. [Management of the Corporation has implemented procedures to avoid these deficiencies in the future and management's intent is to be compliant going forward].

## LITIGATION

### The Issuer

There is not now pending (as to which the Issuer has received service of process) or, to the actual knowledge of the Issuer, threatened, any litigation against the Issuer restraining or enjoining the issuance or delivery of the Series 2026 Bonds or questioning or affecting the validity of the Series 2026 Bonds or the proceedings or authority under which the Series 2026 Bonds are to be issued. Neither the creation, organization nor existence of the Issuer nor the title of any of the present members or other officers of the Issuer to their respective offices is being contested. There is no litigation against the Issuer pending (as to which the Issuer has received service of process) or, to the actual knowledge of the Issuer, threatened against the Issuer which in any manner questions the right of the Issuer to enter into the Bond Indenture, the Loan Agreement or the Bond Purchase Agreement or to secure the Series 2026 Bonds in the manner provided in the Bond Indenture and the Act.

### The Obligated Group

The Obligated Group Agent has advised that no litigation, proceedings or investigations are pending or, to its knowledge, threatened against the Corporation except (i) litigation, proceedings or investigations in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management, will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total reserves held under the applicable self-insurance program, or (ii) litigation, proceedings or investigations which if adversely determined will not, in the opinion of management, have a material adverse effect on the operations or condition, financial or otherwise, of the Obligated Group. The Obligated Group Agent also has advised that there is no litigation pending or, to the knowledge of the Obligated Group Agent, threatened, which in any manner questions the right of the Corporation to enter into the financing described herein.

## LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series 2026 Bonds by the Issuer are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel to the Issuer. Certain legal matters with respect to the Series 2026 Bonds will be passed upon for the Underwriter by its counsel, Dinsmore & Shohl LLP, Columbus, Ohio and for the Obligated Group by its counsel, Lewis Reed & Allen, P.C., Kalamazoo, Michigan.

The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds will speak only as of their dates of delivery and will be qualified in certain customary respects, including as to the enforceability of the various legal instruments by limitations imposed by state and federal law affecting remedies and by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, the application of equitable principles and the exercise of judicial discretion in appropriate cases. The legal opinions express the professional judgment of counsel rendering them, but are not binding on any court or other governmental agency and are not guarantees of a particular result.

## **CERTAIN RELATIONSHIPS**

The Bank of New York Mellon Trust Company, N.A. is acting as the Bond Trustee and the Master Trustee with respect to the Series 2026 Bonds. Miller, Canfield, Paddock and Stone, P.L.C. is serving as bond counsel to the Issuer and has also served as counsel to the Underwriter on unrelated bond financings.

As part of this financing, the Debt Service Reserve Fund will be established with the Bond Trustee under the Bond Indenture that will hold certain proceeds of the Series 2026 Bonds until they are withdrawn and expended. Under the terms of the Bond Indenture, the Corporation may direct the Bond Trustee to invest the funds within the parameters established in the Bond Indenture.

## **TAX MATTERS**

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that, under existing law, the Series 2026 Bonds and the interest thereon are exempt from all taxation in the State of Michigan or any of its political subdivisions, except for estate, inheritance and transfer taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will not express any opinion regarding any other federal or state tax consequences arising with respect to the Series 2026 Bonds and the interest thereon.

The opinions on federal tax matters described above are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Issuer and the Obligated Group contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Series 2026 Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The Issuer and the Obligated Group have covenanted to take the actions required of them for the interest on the Series 2026 Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. The opinion of Bond Counsel assumes the accuracy of such certifications and representations and the continuing compliance by the Issuer and the Obligated Group with such covenants. Noncompliance with these covenants by the Issuer or the Obligated Group may cause the interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2026 Bonds. After the date of issuance of the Series 2026 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2026 Bonds or the market prices of the Series 2026 Bonds.

The opinion of Bond Counsel is based on current legal authority and cover certain matters not directly addressed by such authority. The opinion represents Bond Counsel's legal judgment as to the excludability of interest on the Series 2026 Bonds from gross income for federal income tax purposes but are not a guarantee of that conclusion. The opinions are not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Series 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2026 Bonds. Bond Counsel will express no opinion regarding

any such consequences.

### **Tax Treatment of Accruals on Original Issue Discount Bonds**

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Series 2026 Bond is less than the stated redemption price of such Series 2026 Bonds at maturity, then such Series 2026 Bond is considered to have “original issue discount” equal to the difference between such initial offering price and the amount payable at maturity (such Series 2026 Bonds are referred to as “OID Bonds”). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

### **Amortizable Bond Premium**

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Series 2026 Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Series 2026 Bonds (collectively, the “Original Premium Bonds”) an amortizable bond premium. Series 2026 Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer’s basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the “Premium Bonds”). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer’s yield to maturity determined by using the taxpayer’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

### **Market Discount**

The “market discount rules” of the Code apply to the Series 2026 Bonds. Accordingly, holders acquiring their Series 2026 Bonds subsequent to the initial issuance of the Series 2026 Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating

to market discount allowed by the Code.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Series 2026 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Series 2026 Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2026 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

### **Future Developments**

Bond Counsel's engagement with respect to the Series 2026 Bonds ends with the issuance of the Series 2026 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the Corporation in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2026 Bonds, under current IRS procedures, the IRS will treat the Issuer or the Corporation as the taxpayer and the beneficial owners of the Series 2026 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

**No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted into law, will not contain proposals which could cause the interest on the Series 2026 Bonds to be subject directly or indirectly to federal or State of Michigan income taxation, adversely affect the market price or marketability of the Series 2026 Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. Bond Counsel expresses no opinion regarding any pending or proposed federal or State of Michigan tax legislation.**

**Further, no assurance can be given that any actions of the IRS, including, but not limited to, selection of the Series 2026 Bonds for audit examination, or the course or result of any examination of the Series 2026 Bonds, or other bonds which present similar tax issues, will not affect the market price of the Series 2026 Bonds.**

**Investors should consult with their tax advisors as to the tax consequences of their acquisition, holding or disposition of the Series 2026 Bonds, including the impact of any pending or proposed federal or State of Michigan tax legislation.**

### **NO RATINGS**

The Corporation has not solicited, and the Series 2026 Bonds have not received, any credit rating by any recognized rating agency. In the Master Indenture, the Corporation covenants to endeavor to obtain

an Investment Grade Credit Rating on the Series 2026 Bonds. There can be no guarantee that any such rating will be obtained. The absence of or inability to obtain any such rating could adversely affect the ability of holders to sell the Series 2026 Bonds or the price at which the Series 2026 Bonds can be sold. See also the Master Indenture in APPENDIX D – “FORMS OF CERTAIN PRINCIPAL DOCUMENTS” attached hereto.

## **UNDERWRITING**

Pursuant to a bond purchase agreement (the “Bond Purchase Agreement”) by and among the Issuer, the Corporation, and B.C. Ziegler and Company, as underwriter (the “Underwriter”), the Underwriter will purchase the Series 2026 Bonds at a purchase price of \$[\_\_\_\_\_], which purchase price reflects \$[\_\_\_\_\_] of Underwriter’s discount and \$[\_\_\_\_\_] of [net] original issue [premium/discount]. The Bond Purchase Agreement will provide that the Underwriter will purchase all of the Series 2026 Bonds if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2026 Bonds to the public. The Bond Purchase Agreement will provide for the Corporation to indemnify the Underwriter and the Issuer against certain liabilities. The obligation of the Underwriter to accept delivery of the Series 2026 Bonds will be subject to various conditions of the Bond Purchase Agreement.

## **INDEPENDENT ACCOUNTANTS**

The financial statements of the Corporation as of and for the years ended September 30, 2023, 2024 and 2025 included in APPENDIX B to this Official Statement have been audited by Plante & Moran, PLLC, independent accountants, as stated in their report appearing in APPENDIX B. The financial statements of the Obligated Group as of and for the fiscal year ended September 30, 2025 are the most recent audited financial statements.

## **FINANCIAL FEASIBILITY STUDY**

Management’s financial forecast for the five years ending September 30, 20[26] through 20[30], included as part of the Financial Feasibility Study included in APPENDIX C hereto, has been examined by Plante & Moran, PLLC, independent certified public accountants, as stated in their report dated January [ ], 2026 appearing in APPENDIX C. As stated in the Financial Feasibility Study, there will usually be differences between the forecasted data and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The Financial Feasibility Study should be read in its entirety, including Management’s notes and assumptions set forth therein. No representation or guaranty is made herein as to the accuracy of the financial forecasts included in the Financial Feasibility Study. Bond Counsel and counsels to the Corporation and the Underwriter have not been involved in the production of the Corporation’s assumptions or conclusions included in such financial forecasts.

The Financial Feasibility Study, including the financial forecasts, constitutes a “forward-looking statement.” The Financial Feasibility Study sets forth a discussion of the Corporation’s various forecast assumptions regarding the operation of the Community. The realization of any financial forecast depends on future events, the occurrence of which cannot be assured. Forecasted results usually differ from actual results because events and circumstances frequently do not occur as expected. Therefore, the actual results realized may vary from those presented in the Financial Feasibility Study. Such variation could be material. The Financial Feasibility Study should be read in its entirety, including the notes and assumptions set forth therein, for an understanding of the forecasts and the underlying assumptions.

The Corporation assumes no responsibilities to update the Financial Feasibility Study or to provide



**APPENDIX A**

**SELECTED INFORMATION REGARDING LIFECARE, INC., D/B/A FRIENDSHIP VILLAGE**

The Information in this APPENDIX has been provided by the Corporation.

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF LIFECARE, INC. D/B/A FRIENDSHIP VILLAGE  
KALAMAZOO FOR THE YEARS ENDED SEPTEMBER 30, 2023, 2024 and 2025**

**APPENDIX C**  
**FINANCIAL FEASIBILITY STUDY**

**APPENDIX D**  
**FORMS OF CERTAIN PRINCIPAL DOCUMENTS**

**APPENDIX E**  
**FORM OF OPINION OF BOND COUNSEL**

**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

**BOND PURCHASE AGREEMENT**

**Among**

**THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF  
KALAMAZOO,**

**B.C. ZIEGLER AND COMPANY,**

**and**

**LIFECARE, INC., D/B/A FRIENDSHIP VILLAGE**

---

**[\$[PAR]**

**The Economic Development Corporation of the City of Kalamazoo  
Limited Obligation Revenue Bonds  
(Friendship Village of Kalamazoo), Series 2026**

**[\$[\_\_\_\_\_]]  
Series 2026A**

**[\$[\_\_\_\_\_]]  
Series 2026B-1  
Tax Exempt  
Mandatory Paydown  
Securities  
(TEMPS – 85<sup>SM</sup>)**

**[\$[\_\_\_\_\_]]  
Series 2026B-2  
Tax Exempt  
Mandatory Paydown  
Securities  
(TEMPS – 50<sup>SM</sup>)**

**Dated [Pricing Date], 2026**

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**BOND PURCHASE AGREEMENT**

[Pricing Date], 2026

[\$[PAR]

The Economic Development Corporation of the City of Kalamazoo  
Limited Obligation Revenue Bonds  
(Friendship Village of Kalamazoo), Series 2026

Consisting of

[\$[\_\_\_\_\_]]  
Series 2026A

[\$[\_\_\_\_\_]]  
Series 2026B-1  
Tax Exempt  
Mandatory Paydown  
Securities  
(TEMPS – 85<sup>SM</sup>)

[\$[\_\_\_\_\_]]  
Series 2026B-2  
Tax Exempt  
Mandatory Paydown  
Securities  
(TEMPS – 50<sup>SM</sup>)

The Economic Development Corporation of the City of Kalamazoo  
Kalamazoo, Michigan

Lifecare, Inc., d/b/a Friendship Village  
Kalamazoo, Michigan

Ladies and Gentlemen:

B.C. Ziegler and Company (the “Underwriter”) hereby offers to enter into this Bond Purchase Agreement with The Economic Development Corporation of the City of Kalamazoo (the “Issuer”) and Lifecare, Inc., d/b/a Friendship Village, a Michigan nonprofit corporation (the “Corporation”). This Bond Purchase Agreement will be binding upon the Underwriter, the Issuer and the Corporation upon acceptance of such offer by the Issuer and the Corporation at or prior to 11:00 P.M., prevailing eastern time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Issuer and the Corporation at any time prior to such acceptance. Terms not otherwise defined herein shall have the same meanings assigned to such terms in the hereinafter defined Official Statement.

**Section 1. Introduction.**

The Issuer is authorized to issue its \$[PAR] Limited Obligation Revenue Bonds (Friendship Village of Kalamazoo), Series 2026, comprised of \$[\_\_\_\_\_] Series 2026A (the “Series 2026A Bonds”), \$[\_\_\_\_\_] Series 2026B-1 Tax Exempt Mandatory Paydown Securities (TEMPS – 85<sup>SM</sup>) (the “Series 2026B-1 Bonds”) and \$[\_\_\_\_\_] Series 2026B-2 Tax Exempt Mandatory Paydown Securities (TEMPS – 50<sup>SM</sup>) (the “Series 2026B-2 Bonds” and collectively, the “Bonds”), in accordance with the Act 338, Public Acts of Michigan, 1974, as amended (the “Act”). The Bonds will be issued pursuant to a Bond Indenture dated as of January 1, 2026 (the

“Bond Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”).

The proceeds of the Bonds will be loaned to the Corporation pursuant to the terms of a Loan Agreement dated as of January 1, 2026 (the “Loan Agreement”) by and between the Issuer and the Corporation. The disbursement of proceeds of the Bonds will be used to together with other available funds, to (i) finance or refinance costs of a project described in the Official Statement (as defined and described herein), (ii) refinance the outstanding indebtedness incurred by the Corporation to Old National Bank, (iii) make a deposit to the Funded Interest Account, (iv) make a deposit to the Debt Service Reserve Fund under the Bond Indenture for credit to the several Reserve Accounts established therein, and (iv) pay the costs of issuing the Bonds.

The payment obligations of the Corporation under the Loan Agreement will be supported by Friendship Village of Kalamazoo Obligated Group Direct Note Obligation No. 4 (The Economic Development Corporation of the City of Kalamazoo) and Friendship Village of Kalamazoo Obligated Group Direct Note Obligation No. 5 (The Economic Development Corporation of the City of Kalamazoo) (each, a “Series 2026 Obligation” and together, “Series 2026 Obligations”) of the Obligated Group (defined below) issued under the Master Trust Indenture dated as of July 1, 2021, as supplemented by Supplemental Master Indenture Number 4 dated as of January 1, 2026 (the “Supplemental Master Indenture No. 4” or the “Related Supplemental Master Indenture”) between the Corporation, as Obligated Group Agent on behalf of the Obligated Group, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”). As supplemented, the Master Trust Indenture is referred to herein as the “Master Indenture.” As of the date hereof, the Corporation is the only Member of the Obligated Group (the “Obligated Group”).

## Section 2. **Purchase, Sale and Delivery of the Bonds.**

On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase all, but not less than all, and the Issuer hereby agrees to sell to the Underwriter all, but not less than all, of:

(i) the Series 2026A Bonds, for a purchase price of \$[\_\_\_\_\_]  
(consisting of the par amount of the 2026A Bonds, plus [less] original issue premium [discount] of \$[\_\_\_\_\_], less an underwriting discount of \$[\_\_\_\_\_]);

(ii) the Series 2026B-1 Bonds, for a purchase price of \$[\_\_\_\_\_]  
(consisting of the par amount of the 2026B-1 Bonds, plus [less] original issue premium [discount] of \$[\_\_\_\_\_], less an underwriting discount of \$[\_\_\_\_\_]); and

(iii) the Series 2026B-2 Bonds, for a purchase price of \$[\_\_\_\_\_]  
(consisting of the par amount of the 2026B-2 Bonds, plus [less] original issue premium [discount] of \$[\_\_\_\_\_], less an underwriting discount of \$[\_\_\_\_\_]).

The Issuer will deliver or cause to be delivered the Bonds to or for the account of the Underwriter against payment of the purchase price therefor by wire transfer of immediately available funds to the Bond Trustee at or prior to 1:00 p.m., New York City time, on [\_\_\_\_], 2026, or at such other time not later than five business days thereafter as the Underwriter, the Corporation and the Issuer shall mutually agree (the “Closing Date”).

The Underwriter agrees to make an initial bona fide offering of all of the Bonds at the offering prices or yields set forth in the Official Statement; however, it may offer and sell the Bonds to certain dealers and others at prices lower than such offering prices, and it further reserves the right to change such offering prices after the initial offering as the Underwriter shall deem necessary in connection with the marketing of the Bonds. The Underwriter reserves the right to over-allot and effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

The Underwriter may (but shall not be obligated to), in its sole discretion, assign or transfer in writing all or part of its rights and obligations under this Bond Purchase Agreement on or before the date of the Closing to one or more assignees; provided, however, that without the prior written consent of the Issuer and the Corporation, no such assignment or transfer shall relieve the Underwriter of any of its obligations hereunder.

The Bonds shall be substantially in the form described in, shall be executed, delivered and secured under the provisions of, and shall be payable as provided in the Bond Indenture and Exhibit A attached hereto. The obligation of the Issuer to make payments of principal (or redemption price) of and interest on the Bonds is limited exclusively to revenues, payments and moneys and other assets received by the Bond Trustee on behalf of the Issuer pursuant to the Loan Agreement and as otherwise provided in the Bond Indenture.

As security for the repayment of the Obligations and all other Obligations (as defined in the Master Indenture) issued under the Master Indenture, as amended and supplemented, the Corporation will grant to the Master Trustee a security interest in its Gross Revenues (as defined in the Master Indenture). Additionally, the Corporation will execute and deliver an [Amended and Restated Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing], as mortgagor, to the Master Trustee, as mortgagee, dated January [\_\_\_], 2026 (the “Mortgage”) granting to the Master Trustee a first lien of record on the property described therein, generally its continuing care retirement community located in Kalamazoo, Michigan, together with all buildings, improvements and fixtures thereon, subject to Permitted Encumbrances. All of the property described in the Mortgage constitutes the Mortgaged Property. A mortgagee title insurance policy on the Mortgaged Property (the “Title Policy”) will be obtained by the Corporation at the Closing Date insuring title to, and the priority of the lien of the Mortgage on, the Mortgaged Property in an amount equal to the aggregate outstanding principal amount of Obligations. The Title Policy shall be acceptable to the Underwriter and contain only such exceptions to the title of the Mortgaged Property that are acceptable to the Underwriter.

To help the Underwriter comply with the Rule (as defined below), the Corporation will execute and deliver a Continuing Disclosure Undertaking dated the date the Bonds are issued (the “Continuing Disclosure Undertaking”).

Each of the foregoing documents shall be substantially in the form heretofore delivered to the Underwriter, with only such changes therein as shall be mutually agreed upon by the Issuer, the Corporation and the Underwriter.

Within seven business days of the date hereof, the Issuer and the Corporation will deliver or cause to be delivered to the Underwriter, in sufficient quantity to permit the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”), and Rule G-32 and any other applicable rules of the Municipal Securities Rulemaking Board (the “MSRB”), copies of the Official Statement, dated the date hereof, substantially in the form of the Preliminary Official Statement, dated January [9], 2026 (the “Preliminary Official Statement”) with only such changes therein as have been accepted by the Underwriter (the Preliminary Official Statement with such changes, and including the cover page and all appendices thereto, being herein called the “Official Statement” except if such Official Statement has been amended between the date thereof and the Closing Date, in which case the term “Official Statement” shall refer to such Official Statement as so amended) signed on behalf of the Corporation by an officer acceptable to the Underwriter. The Issuer and the Corporation hereby ratify, confirm and approve the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement, deem such Preliminary Official Statement final, and hereby authorize the Underwriter to use and distribute the Official Statement in connection with the offer and sale of the Bonds.

On or prior to 1:00 p.m., New York City time, on the Closing Date, the Bond Trustee will deliver through the facilities of the Depository Trust Company in New York, New York (“DTC”), for the account of the Underwriter (or such other location as may be designated by the Underwriter and approved by the Issuer and the Corporation), the Bonds in the form of a separate single fully registered Bond (which may be typewritten) for each series and each of their maturity dates (all of the Bonds bearing CUSIP numbers), duly executed by the Issuer and authenticated by the Bond Trustee, and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth above by wire transfer of immediately available funds. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds on the Closing Date in accordance with the terms of this Bond Purchase Agreement.

The Issuer and the Corporation, on behalf of itself and as Obligated Group Agent, each acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm’s-length, commercial transaction among the Issuer, the Corporation and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Exchange Act), financial advisor or fiduciary to the Issuer or the Corporation, (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Issuer or the Corporation with respect to this Bond Purchase Agreement, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the Issuer or the Corporation on other matters), (iii) the only obligations the Underwriter has to the Issuer or the Corporation with respect to the transactions contemplated hereby are set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Issuer or the Corporation, and (v) the Issuer or the Corporation have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate.

### Section 3. **Financing Documents; Auditor Documents**

In addition to the Official Statement as above described, the Underwriter shall have received, on or prior to the Closing Date, a copy of each of the following documents, duly executed by all parties thereto or certified to the satisfaction of the Underwriter:

- (i) The Bond Indenture;
- (ii) The Loan Agreement;
- (iii) The Master Indenture and the Related Supplemental Master Indenture;
- (iv) The Series 2026 Obligations;
- (v) The Mortgage;
- (vi) The Title Policy; and
- (vii) The Continuing Disclosure Undertaking.

The foregoing documents, together with this Bond Purchase Agreement are hereinafter sometimes collectively referred to as the “Bond Documents.” Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Bond Indenture.

The Corporation agrees that on or prior to the date hereof it shall have caused to be delivered to the Underwriter (i) a letter of Plante & Moran, PLLC, dated the date of the Preliminary Official Statement (the “*POS Consent*”) to the effect that they consent to all references to such firm included in the Preliminary Official Statement and to the inclusion in *Appendix B* of the Preliminary Official Statement of their audit reports on the financial statements of the Corporation, as of and for the years ended September 30, 2025, 2024 and 2023, (ii) a letter of Plante & Moran, PLLC, dated the date of the Official Statement (the “*OS Consent*” and, together with the POS Consent, the “*Auditor Consents*”) to the effect that they consent to all references to such firm included in the Official Statement and to the inclusion in *Appendix B* of the Official Statement of their audit reports on the financial statements of the Corporation, as of and for the years ended September 30, 2025, 2024 and 2023, and (iii) an agreed upon procedures letter from Plante & Moran, PLLC, dated as of the date hereof, with a bring-down letter dated the Closing Date, with work continuing to a date no earlier than five business days prior to the date of each letter, in form reasonably satisfactory to the Underwriter (collectively, the “*AUP Reports*”), addressed to the Corporation and the Underwriter, certifying that Plante & Moran, PLLC is a firm comprised of independent certified public accountants within the meaning of Rule 1.01 of the Code of Professional Conduct and Standards of the American Institute of Certified Public Accountants.

#### Section 4. **Representations and Warranties of the Issuer.**

The Issuer represents and warrants to the Underwriter and the Corporation, with respect to itself, as follows:

(a) The Issuer is and will be at the Closing Date duly organized and existing as a public body corporate under and by virtue of the laws of the State of Michigan, including the Act.

(b) The Issuer has full legal right, power and authority (i) to adopt the Bond Resolution (defined below), (ii) to enter into this Bond Purchase Agreement, the Bond Indenture and the Loan Agreement, (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iv) to carry out and consummate all other transactions contemplated by each of the aforesaid documents, and the Issuer has complied with the provisions of the Act in all matters relating to such transactions.

(c) The Issuer has duly authorized the execution, delivery and due performance of this Bond Purchase Agreement, the Bond Indenture and the Loan Agreement, the delivery of the Official Statement and the taking of any such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by such instruments.

(d) The Bond Resolution has been duly adopted by the Issuer and is in full force and effect and constitutes the legal, valid and binding action of the Issuer, and this Bond Purchase Agreement, the Bond Indenture and the Loan Agreement, when executed and delivered by the parties thereto, will constitute legal, valid and binding obligations of the Issuer, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by application of general principles of equity.

(e) When delivered to and paid for by the Underwriter at the closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and, assuming due authentication, will constitute legal, valid and binding limited obligations of the Issuer, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally, of the character referred to in the Act, in conformity with, and entitled to the benefit and security of the Act, the Bond Indenture and the Loan Agreement.

(f) No consents or authorizations of or by any governmental or public agency, authority or person (except as may be required under the securities or “blue sky” laws of any state) not already obtained are required by the Issuer in connection with the issuance and sale of the Bonds, the execution and delivery of, or the performance of its obligations under, this Bond Purchase Agreement, the Bonds, the Bond Indenture and the Loan Agreement.

(g) The execution, delivery and performance by the Issuer of this Bond Purchase Agreement and of the Bond Indenture, the Bonds and the Loan Agreement and compliance with the provisions of each of such instruments, will not conflict with or constitute on the part of the Issuer a breach of, or a default under, any commitment, agreement or other

instrument to which the Issuer is a party or by which it is bound, or under any existing law, regulation, judgment, order or decree to which the Issuer is subject.

(h) There is no action, suit, proceeding or investigation, at law or in equity, or before any court, public board or body, served upon the Issuer, or to the best of the knowledge of the Issuer, threatened against or otherwise affecting the Issuer, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated by this Bond Purchase Agreement or which would in any way adversely affect the validity or enforceability of the Bonds, the Bond Indenture and the Loan Agreement or this Bond Purchase Agreement (or any other instrument which is executed by the Issuer which is required or contemplated for use in consummating the transactions contemplated thereby).

(i) Any certificate relating to the Bonds signed by any authorized representative of the Issuer and delivered to the Underwriter at or before the Closing Date shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements therein contained.

(j) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The information contained under the heading [“THE ISSUER – The Economic Development Corporation of the City of Kalamazoo” and “LITIGATION – The Economic Development Corporation of the City of Kalamazoo”] as it relates to the Issuer in the Official Statement (the “Issuer Portion”) is true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Issuer hereby deems final, within the meaning of the Rule, the Issuer Portion.

(l) Each of the representations and warranties of the Issuer contained in the Loan Agreement and in the Bond Indenture are true and correct on and as of the date hereof and are hereby made to the Underwriter on and as of the date hereof as if set forth herein at length.

#### **Section 5. Covenants of the Issuer.**

The Issuer covenants as follows:

(a) The Issuer will observe all covenants of the Issuer in the Bond Indenture and the Loan Agreement and will not issue or sell any bonds or obligations other than the Bonds referred to in the Bond Indenture, the principal of and interest on which are payable in whole or in part from revenues derived under the Bond Indenture.

(b) The Issuer will reasonably cooperate with the Underwriter in qualifying the Bonds for offer and sale under the securities or blue sky laws of such jurisdiction of the United States as the Underwriter may request; provided, however, that the Issuer shall not be obligated to consent to the service of process, be subject to taxation in any such jurisdiction or be required to pay any costs or expenses of qualification of the Bonds in any such jurisdiction.

**Section 6. Representations, Warranties and Covenants of the Corporation.**

The Corporation, on behalf of itself and as Obligated Group Agent, represents to, warrants to, and covenants with, the Issuer and the Underwriter, as follows:

(a) The Corporation hereby deems final (other than the Issuer Portion) approves the form of, and consents to and ratifies the Underwriter's use of, the Official Statement (which includes all Appendices thereto) in connection with the offering and sale of the Bonds and in connection with the "Blue Sky" qualifications described in this Bond Purchase Agreement.

(b) The Corporation covenants and agrees to cause reasonable quantities of the Official Statement to be delivered to the Underwriter, within seven Business Days of the date hereof and, in the event the Closing Date is less than seven Business Days after the date herein, upon request of the Underwriter, in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, provided that 10 copies of the Official Statement shall be executed on behalf of the Corporation by its authorized officer.

(c) The Corporation represents and warrants that, if, after the date of this Bond Purchase Agreement and until 90 days after the Closing Date, any event occurs that is known to the Corporation that would cause the information in the Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to the Underwriter, not misleading, it will notify the Underwriter and the Issuer and, if in the opinion of the Underwriter or the Issuer such event requires an amendment or supplement to the Official Statement, the Issuer, at the expense of the Corporation, will cause the Official Statement to be amended or supplemented in a form and manner jointly approved by the Issuer, the Corporation and the Underwriter.

(d) The Corporation represents and warrants that, at the time of the Issuer's and the Corporation's acceptance hereof and (unless an event occurs in the nature described in paragraph (c) of this Section) at all times subsequent thereto during the period up to and including 90 days subsequent to the Closing Date, the statements and information contained in the Official Statement, other than the statements and information in the Issuer Portion and "UNDERWRITING" as to which the Corporation expresses no opinion or view, are and will be true, correct and complete in all material respects, and such statements and information do not and will not contain an untrue statement of a material fact or omit any statement or information which is required to be stated therein or is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading.

(e) The Corporation represents and warrants that, if the Official Statement is supplemented or amended pursuant to paragraph (c) of this Section, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including 90 days subsequent to the Closing Date, the statements and information contained in the Official Statement, other than the statements and information in the Issuer Portion and "UNDERWRITING" as to which the Corporation expresses no opinion or view, are and will be true, correct and complete in all material respects, and such statements and information do not and will not contain an untrue statement of a

material fact or omit any statement or information which is required to be stated therein or is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading.

(f) If prior to the Closing Date, an event occurs that is known to the Corporation that would cause the Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the Corporation shall notify the Issuer and the Underwriter, and the Underwriter, if it has not requested and received an amendment or supplement to the Official Statement as provided in (c) above, in its reasonable discretion shall have the right to terminate the obligations of the Underwriter hereunder by written notice to the Issuer and the Corporation, and the Underwriter shall have no obligation to purchase and pay for the Bonds.

(g) The Corporation is a nonprofit corporation duly organized, validly existing and in good standing pursuant to the laws of the State of Michigan. The Corporation has full legal right, power and authority to own and operate its facilities and to execute, deliver and perform its obligations under this Bond Purchase Agreement, the Bond Documents to which it is a party and all documents to be executed by it in connection with the Loan Agreement. The Corporation has been determined to be and is exempt from federal income taxes under the Code by virtue of being an organization described in Section 501(c)(3) of the Code and is not a “private foundation,” as defined in Section 509(a) of the Code. The Corporation has not impaired its status as an organization exempt from federal income taxes under the Code, and shall not, while any of the Bonds remain outstanding, impair its status as a “501(c)(3) organization,” as that term is used in Section 145 of the Code, so as to affect adversely the federal tax-exempt status of interest on the Bonds.

(h) The execution, delivery and performance of this Bond Purchase Agreement, the Bond Documents to which is a party and all other documents to be delivered by the Corporation on behalf of itself or any Member of the Obligated Group in connection with the consummation of the transactions contemplated hereby, by the Official Statement and by the Bond Documents will not conflict with, or constitute a material breach of or material default under, any indenture, mortgage, deed of trust, lease, note, commitment, agreement or other instrument or obligation to which it is a party or by which it or its principal operating facilities, including the Friendship Village continuing care retirement community (collectively, the “Facilities”), are bound, or, to its current actual knowledge, under any material law, rule, regulation, judgment, order or decree to which it is subject or by which it or its Facilities are bound. The Corporation is not in default in the payment of the principal of, or premium or interest on, or otherwise in default with respect to, any bonds, notes or other obligations relating to its Facilities which it has incurred, assumed or guaranteed as to payment of principal, premium or interest, and Corporation is not in default under any document, instrument or commitment to which it is a party or to which it or any of its property is subject, which document, instrument or commitment or default thereunder relates to the Bonds or its Facilities and which default materially adversely affects its Facilities or materially adversely affects the ability of the Corporation to perform its obligations hereunder or under the Bond Documents.

(i) To the current actual knowledge of the Corporation, there is no action, suit, proceeding, inquiry or investigation by or before any governmental agency, public board or body pending (with service of process having been accomplished) or threatened against the Corporation (nor, to the best of its knowledge, is there any basis therefor), which adversely:

(i) affects or seeks to enjoin, prohibit or restrain the issuance, sale or delivery of the Bonds under Section 103 of the Code or the use of the proceeds of the Bonds to make the Loan, the use of the Loan proceeds or the use of the Official Statement or the execution and delivery of this Bond Purchase Agreement or any of the Bond Documents;

(ii) affects or questions the validity or enforceability of the Bonds, this Bond Purchase Agreement or any of the Bond Documents;

(iii) questions the tax-exempt status of the Bonds or the completeness or accuracy of the Official Statement; or

(iv) questions the power or authority of the Corporation to own or operate its Facilities or to execute, deliver or perform its obligations under this Bond Purchase Agreement or the Bond Documents to which it is a party.

(j) Any certificate signed by an authorized representative of the Corporation and delivered to the Underwriter or the Issuer shall be deemed to be a representation and warranty by it to the Underwriter and the Issuer as to the statements made therein.

(k) To the current actual knowledge of the Corporation, all permits (including building permits), licenses and authorizations necessary for the acquisition, ownership, equipping and operation of the Facilities in the manner contemplated by the Official Statement and the Bond Documents have been or will be obtained, and said acquisition, ownership, equipping and operation are not, to the current actual knowledge of the Corporation, in conflict with any zoning or similar ordinance applicable to the Facilities.

(l) The Corporation:

(i) will not knowingly take or permit any person controlled by it to take action that would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, and, if it should take or permit any such action, they will take all lawful actions to rescind such action promptly upon having knowledge thereof;

(ii) will not fail to take any action that is required in order to preserve the exclusion from gross income of the interest on the Bonds for federal income tax purposes under Section 103 of the Code; and

(iii) will take such action or actions as it can take, including amending the Bond Documents, as may be necessary in the opinion of Bond Counsel (as defined in the Bond Indenture), and acceptable to the Issuer and the Bond Trustee, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated by the Department of the Treasury or the Internal Revenue Service pertaining to the Bonds.

(m) The money on deposit in any fund or account in connection with the Bonds or the Loan under the Loan Agreement, whether or not such money was derived from other sources, will not be used by or under the direction of the Corporation in a manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and the Corporation specifically agrees that the investment of money in any such fund shall be restricted as may be necessary, and the earnings on such investment rebated to the United States to the extent necessary, to prevent the Bonds from being “arbitrage bonds.”

(n) The Corporation will not take or omit to take, as may be applicable, any action which would in any way cause the proceeds of the Bonds to be applied in a manner contrary to the requirements of the Bond Documents.

(o) All costs and expenses to effect the authorization, preparation, issuance, sale and delivery of the Bonds (whether or not such transaction is consummated, except under the circumstances described below), including the preparation, printing, execution and delivery of the Official Statement in preliminary and final form (together with any amendments thereof and supplements thereto) and the Bond Documents, any rating agency fees, the reasonable fees and expenses of the Corporation’s auditors and consultants, the reasonable fees and expenses of Bond Counsel, Corporation’s Counsel, and Underwriter’s Counsel, the reasonable fees and disbursements of the Bond Trustee and its counsel, the Issuer’s administrative fee and all reasonable expenses of the Issuer in connection with the authorization, issuance, sale and distribution of the Bonds, and all reasonable fees and expenses incurred in qualifying the Bonds for sale under the securities laws of various jurisdictions and of preparing “blue sky” and legal investment memoranda, shall be paid solely and exclusively from amounts in the Bond Proceeds Fund or otherwise provided by the Corporation. In no event shall any of such costs be paid by the Issuer.

(p) This Bond Purchase Agreement and the Bond Documents to which the Corporation is a party, and all other documents to be executed and delivered by the Corporation in connection with the consummation of the transactions contemplated hereby, or contemplated by the Official Statement and by the Bond Documents, when duly executed and delivered by the Corporation and the other parties thereto, constitute valid and binding obligations of the Corporation, enforceable in accordance with the terms thereof, except as the enforceability of this Bond Purchase Agreement and the Bond Documents may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ right generally, by the application of general principles of equity and by public policy limitations on the exercise of any rights to indemnification and contribution.

(q) The Corporation has, or as of the Closing Date will have, good and marketable fee simple title to the real property described in the Mortgage, subject only to Permitted Encumbrances (as defined in the Master Indenture), and marketable title to its other property used in the conduct of its business. The Corporation has not received any notice of violation of, and, to its current actual knowledge, is not in violation of, any zoning, land use, environmental or other similar law or regulation applicable to its Facilities or other property which would materially adversely affect the financial position or condition or would result in any material adverse change in the ability to pay debt service on the Bonds.

(r) The Corporation is not in default in the payment of any bond, note or other evidence of indebtedness.

(s) The Corporation, on behalf of itself and as Obligated Group Agent, will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in endeavoring (i) to qualify the Bonds for offer and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall it be required to qualify for business in any jurisdiction where it is not now so qualified or to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(t) During the past five years, except as otherwise disclosed in the Preliminary Official Statement, the Corporation has been in compliance with its continuing disclosure undertakings under the Rule.

#### **Section 7. Conditions to Obligations of the Underwriter and the Issuer.**

The obligation of the Underwriter to purchase the Bonds and the obligation of the Issuer to sell the Bonds shall be subject to the following conditions precedent:

(a) The representations and warranties of the Issuer and the Corporation herein and the representations and warranties made in each of the Bond Documents by the respective parties thereto shall be true and correct in all material respects on the date hereof and on the Closing Date, as if made on the Closing Date, and each such party to the Bond Documents shall deliver a certificate to such effect. The Official Statement (as the same may be amended or supplemented with the written approval of the Underwriter) shall be true and correct in all material respects and shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and the Official Statement shall have been delivered by the Issuer and the Corporation at or prior to the Closing Date in sufficient time to permit the Underwriter to comply with its obligations under Rule 15c2-12. At the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter.

(b) Except as may have been agreed to by the Underwriter, as of the Closing Date, each of the Bond Documents, this Bond Purchase Agreement, the resolution of the Issuer approving the issuance of the Bonds (the “Bond Resolution”) and all other official action of the Issuer relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended or supplemented.

(c) The Issuer and the Underwriter shall have received the following opinions of counsel addressed to the Issuer and the Underwriter, dated the date of the Closing Date, and in form and substance satisfactory to the Issuer and the Underwriter:

(i) The approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, in substantially the form set forth in Appendix D to the Official Statement, and the supplemental opinion of Bond Counsel in substantially the form set forth in Exhibit B hereto;

(ii) The opinion of Lewis Reed & Allen, P.C., counsel to the Obligated Group, addressed to the Issuer and the Underwriter, covering the matters set forth in Exhibit C hereto and satisfactory and in form and substance to the Underwriter and the Issuer; and

(iii) The opinion of Dinsmore & Shohl LLP, counsel to the Underwriter, in the form set forth in Exhibit D hereto.

(d) No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(e) No material adverse change shall have occurred, nor shall any development materially adversely affecting the business, financial condition, results of operations or properties of the Corporation have occurred, between the date hereof and the Closing Date.

(f) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds, the Bond Resolution and the Bond Documents by the Issuer and the Corporation shall have been taken, and the Issuer and the Corporation shall have performed and complied with all agreements, covenants and conditions required to be performed or complied with by this Bond Purchase Agreement, the Bonds, the Bond Resolution and the Bond Documents, and each party shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to each such party, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Underwriter.

(g) Each of the Bond Documents shall have been executed and delivered by and to each of the respective parties thereto, all such documents shall be in forms exhibited to the Underwriter and the Issuer on the date hereof with only such changes as the Underwriter and the Issuer may approve, and each of the Bond Documents shall be in full force and effect.

(h) None of the events referred to in Section 9 of this Bond Purchase Agreement shall have occurred.

(i) The Underwriter and the Corporation shall have received a certificate of the Issuer dated the date of the Closing and signed by an authorized officer of the Issuer, in form and substance reasonably satisfactory to the Underwriter and the Corporation, to the effect that to the knowledge of the signer, the representations and warranties included herein are true and correct in all material respects as of the Closing Date and all obligations to be performed by the Issuer have been performed. Except as disclosed in the Official Statement, no litigation is known to be pending or threatened:

(i) to restrain or enjoin the issuance or delivery of any of the Bonds;

(ii) in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bonds, the Bond Resolution, or any other Bond Documents or this Bond Purchase Agreement; or

(iii) in any way contesting the corporate existence or powers of the Issuer.

(j) All consents, approvals and authorizations of governmental bodies required for the due authorization, execution, issuance and delivery of the Bonds by the Issuer shall have been obtained.

(k) The Underwriter shall have received copies of the resolutions of the Issuer authorizing the execution and delivery of the Bond Documents and the approval of the Bond Documents, certified by an authorized officer of the Issuer as having been duly adopted and being in full force and effect.

(l) The Underwriter and the Issuer shall have received a certificate of the Corporation on behalf of the Obligated Group to the effect that:

(i) both at the time of acceptance hereof by the Corporation and at the Closing Date, the statements and information contained in the Official Statement, other than the statements and information the Issuer Portion as to which the Corporation expresses no opinion or view, are and will be true, correct and complete in all material respects, and such statements and information do not and will not contain an untrue statement of a material fact or omit any statement or information which is required to be stated therein or is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading;

(ii) the Corporation has complied in all material respects with all the covenants and materially satisfied all the conditions to be performed or satisfied on or prior to the Closing Date, and the representations and warranties of the Corporation contained in this Bond Purchase Agreement and in each of the Bond Documents to which they are a party are true, correct and complete as of the Closing Date in all material respects, and the Corporation has full legal right, power and authority to enter into and carry out the transactions contemplated by the Bond Documents and the Official Statement;

(iii) No proceedings are pending, or to the knowledge of such officer, threatened in any way contesting or affecting the status of the Corporation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(iv) The representations and warranties made by the Corporation in the Loan Agreement, the Master Indenture and this Bond Purchase Agreement are true and correct as of the Closing Date.

(m) The Underwriter and the Issuer shall have received copies of the articles of incorporation, as amended, of the Corporation and a certificate of corporate existence and good standing of the Corporation, in each case certified or issued by the Department of Labor and Regulatory Affairs of the State of Michigan.

(n) The Underwriter and the Issuer shall have received copies of the bylaws of the Corporation, certified by an authorized officer of the Corporation;

(o) The Underwriter and the Issuer shall have received a copy of the resolutions of the governing body of the Corporation, or committees thereof, authorizing and approving the execution and delivery of the Bond Documents and the approval of the Official Statement in preliminary and final form, certified by an authorized officer of the Corporation as true and complete and confirming as of the Closing Date that such resolutions have not been modified, amended or repealed.

(p) Evidence satisfactory to Bond Counsel that the Corporation is an organization described in Section 501(c)(3) of the Code and is not a “private foundation” as defined in Section 509(a) of the Code.

(q) The Underwriter and the Issuer shall have received a certificate, dated the Closing Date and signed by an authorized officer of the Bond Trustee, to the effect that:

(i) he or she is an authorized officer of the Bond Trustee;

(ii) the Bond Trustee is duly authorized to enter in the Bond Documents to which the Bond Trustee is a party;

(iii) the Bond Trustee has duly executed and delivered the Bond Documents to which the Bond Trustee is a party;

(iv) the Bond Trustee has all necessary corporate and trust powers required to carry out the trust created by the Bond Indenture; and

(v) the Bond Trustee has duly authenticated the Bonds, and the person signing the certificate of authentication on each Bond has been duly authorized to do so.

(r) The Underwriter shall have received the Obligated Group Non-Arbitrage and Tax Compliance Certificate executed by the Corporation (the “Obligated Group Non-Arbitrage and Tax Compliance Certificate”) and the Non-Arbitrage Certificate executed by the Issuer, each dated as of the Closing Date.

(s) The Underwriter shall have received a copy of the completed Form 8038 of the Internal Revenue Service, executed by the Issuer with respect to the Bonds.

(t) The Underwriter shall have received the Auditor Consents and the AUP Reports, each duly executed by Plante & Moran PLLC;

(u) The Underwriter shall have received a copy of the Blanket Letter of Representations to DTC signed by the Issuer.

(v) Certificates of insurance consultants, which may be insurance brokers or actuaries for the Corporation, dated the Closing Date, to the effect that the insurance coverage and

self-insurance program, if any, of the Obligated Group complies with the applicable requirements of the Master Indenture;

(w) Evidence that financing statements have been filed for record with the Secretary of State of the State of Michigan with respect to the security interests granted or assigned by the Master Indenture;

(x) A copy of the Title Policy, with a mortgage modification endorsement acceptable to the Underwriter, issued by a title company acceptable to the Underwriter and the Corporation, payable to the Master Trustee, increasing the insured amount under the title insurance loan policy in an amount equal to the principal amount of the Series 2026 Obligation, assuring that the Corporation has good and marketable fee simple title to the real property subject to the lien of the Mortgage, subject only to Permitted Encumbrances, and that the Master Trustee has a first mortgage lien on the real property subject to the lien of the Mortgage, subject only to said Permitted Encumbrances;

(y) Surveys of and environmental reports on the real estate subject to the Mortgage in forms satisfactory to the Underwriter;

(z) Copies of material licenses and permits issued to the Corporation to operate the existing Facilities;

(aa) Copies of all required governmental approvals relating to the issuance of the Bonds;

(bb) Evidence that the approval of the “applicable elected representative” after a public hearing, all as described in Section 147(f) of the Code, has been obtained (and such hearing has been held) with respect to the Bonds, and evidence, acceptable to Bond Counsel, that a public hearing was properly called and conducted, following the proper notice period, in connection with the issuance of the Bonds;

(cc) The Issuer and the Underwriter shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request;

(dd) A letter from Plante & Moran PLLC, consenting to the distribution of the [title of feasibility study] and confirming that as of the Closing Date no facts have come to their attention which would lead them to believe that the conclusions in the [title of feasibility study] are unreasonable or inaccurate; and

(ee) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Bond Counsel or counsel to the Underwriter may reasonably request to evidence compliance by the Issuer and the Corporation with legal requirements, the truth and accuracy as of the Closing Date of the representations and warranties herein contained and the due performance or satisfaction by the Issuer and the Corporation at or prior to such time of all covenants or agreements then to be performed and all conditions then to be satisfied by the Issuer and the Corporation

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and the Issuer. If the conditions contained in this Bond Purchase Agreement are not satisfied the obligations of the Underwriter and the Issuer shall terminate and the parties hereto shall have no further obligations, except that the Corporation shall pay the expenses as set forth in Section 6(o).

**Section 8. Additional Conditions to the Obligations of the Issuer.**

The Issuer's obligations hereunder to sell and deliver the Bonds shall be subject to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing Date; to the performance by the Corporation of the obligations and agreements to be performed by it at or prior to the Closing Date hereunder and to the accuracy in all material respects of the representations and warranties of the Underwriter and the Corporation contained herein as of the date hereof and as of the Closing Date, as set forth in or contemplated by the Official Statement.

**Section 9. Termination.**

The Underwriter may terminate its obligations hereunder by written notice to the Issuer if, at any time subsequent to the date hereof and on or prior to the Closing Date:

(a) legislation shall have been enacted or introduced by the Congress of the United States, or adopted by either House of the Congress, or enacted or introduced by the General Assembly of the State of Michigan, or adopted by either House of the General Assembly, or shall have been reported out of committee of either the Congress or the General Assembly, or be pending in committee of either the Congress or the General Assembly, or a decision shall have been rendered by a court of the United States, including the Tax Court of the United States, or a court of the State of Michigan, or a ruling or an official release shall have been made or a regulation or temporary regulation shall have been proposed or made or a press release or some other form of notice or announcement shall have been issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or state authority having jurisdiction over tax matters, with respect to federal or State of Michigan taxation upon revenues or other income of the general character to be derived by the Issuer or the Corporation, or upon interest received on obligations of the general character of the Bonds, or other action or events shall have transpired which would, in the reasonable judgment of the Underwriter, have the purpose or effect, directly or indirectly, of changing the federal or State of Michigan tax consequences of any of the transactions contemplated in connection herewith, or

(b) there shall occur any event, which in the reasonable judgment of the Underwriter (A) would have a material and adverse effect on the market price or marketability of the Bonds, (B) would make untrue, incorrect or incomplete in any material respect any statement or information contained in the Official Statement, or (C) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein, under the circumstances in which they were made, not materially misleading, or

(c) in the reasonable judgment of the Underwriter, the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of Bonds shall have been materially adversely affected by an amendment of or supplement to the Official Statement, notwithstanding the Underwriter's approval of such amendment or supplement prior to its distribution, or

(d) there shall have occurred any outbreak or escalation of hostilities or other local, national or international calamity or crisis (including any public health pandemic), or a default with respect to the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, the Issuer, any state of the United States or agency thereof, or any county or city located in the United States having a population of over one million persons, the effect of which on the financial markets of the United States will be such as, in the reasonable judgment of the Underwriter, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds, or

(e) there shall have occurred and be in force a general suspension of trading on the New York Stock Exchange or other national securities exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or other national securities exchange, whether by virtue of a determination by any such exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or

(f) a general banking moratorium shall have been declared by federal, State of Michigan or State of New York authorities having jurisdiction and be in force, or

(g) there shall occur any material adverse change in the affairs of the Issuer or the Corporation that is not disclosed in the Official Statement, or

(h) there shall be established any new restriction on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order, or

(i) a decision of any federal or state court or a ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency shall have been made or issued that would (A) make the Bonds, the Obligations, any securities of the Issuer or securities similar to the Bonds subject to the registration requirements of the Securities Act of 1933, as amended, or (B) require the qualification of an indenture in respect of the Bonds or any such securities under the Trust Indenture Act of 1939, as amended.

#### **Section 10. Establishment of Issue Price for Bonds.**

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at the Closing Date an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or

necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) The Issuer will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which Bonds of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or as otherwise agreed upon by the Underwriter, the Issuer and Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an Underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

**Section 11. Limitation of Liability of the Issuer.**

The Issuer shall not be directly, indirectly, contingently or otherwise liable under this Bond Purchase Agreement or any document or instrument referred to herein or by reason of or in connection with this Bond Purchase Agreement or other document or instrument except to the extent it receives amounts from the Corporation available for such purpose.

**Section 12. Indemnification and Contribution.**

(a) In consideration of the issuance of the Bonds by the Issuer and the purchase of the Bonds by the Underwriter under this Bond Purchase Agreement, to the extent permitted by law, the Corporation shall indemnify and hold harmless the Issuer and the Underwriter and their respective employees, directors, officers, agents and attorneys and each person, if any, who controls the Issuer, or the Underwriter within the meaning of the 1933 Act (collectively, the “Indemnified Persons,” and individually, an “Indemnified Person”) from and against any and all judgments, losses, claims, damages or liabilities, joint or several, to which any Indemnified Person may become subject insofar as such judgments, losses, claims, damages or liabilities (or actions in respect thereof) arise out of, or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Official Statement other than the statements and information in the Issuer Portion and “UNDERWRITING,” as amended and supplemented in accordance with this Bond Purchase Agreement, or that arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect, and will reimburse each Indemnified Person for any reasonable legal or other expenses incurred by such Indemnified Person in connection with investigating, defending or preparing to defend any such loss, claim, damage, liability or any action in respect thereof, provided, however, that the Corporation shall not be liable to any Indemnified Person in any such case to the extent that any such judgment, loss, claim, damage or liability arises out of, or is based upon, any information furnished by such Indemnified Person specifically for inclusion therein or (other than with respect to the Issuer) to the extent caused by the Indemnified Parties’ negligence or willful misconduct. This indemnity provision will be in addition to any liability which the Corporation may otherwise have, including, but not limited to the Loan Agreement.

(b) Promptly after receipt by an Indemnified Person under this Section 12 of the notice of the commencement of any action, such Indemnified Person will, if a claim in respect thereof is to be made against the Corporation under this Section 12, notify the Corporation in writing of the commencement thereof; but the omission so to notify the Corporation will not relieve it from any liability which it may have to any Indemnified Person otherwise than under this Section 12 except to the extent that the Corporation is able to demonstrate actual prejudice in not being so notified. In case any such action is brought against any Indemnified Person, and it notifies the Corporation of the commencement thereof, the Corporation will be entitled to participate in, and, to the extent that it may wish, assume the defense thereof so long as its interests are not adverse to those of the Indemnified Person, with counsel reasonably satisfactory to such Indemnified Person, and after notice from the Corporation to such Indemnified Person of their election to assume the

defense thereof, the Corporation will not be liable to such Indemnified Person under this Section 12 for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof other than costs of investigation. If the Corporation does not elect to assume the defense of any such suit, it will reimburse the Indemnified Parties for the reasonable fees and expenses of any counsel retained by them. In the event that the parties to any such action (including impleaded parties) include the Corporation and one or more Indemnified Parties, and one or more Indemnified Parties shall have been advised by counsel that there may be one or more legal defenses available to any of the Indemnified Parties, which are different from, additional to, or in conflict with those available to the Corporation, the Corporation will reimburse the Indemnified Parties for the reasonable fees and expenses of any counsel retained by the Indemnified Parties (it being understood that the Corporation shall not, in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys for all Indemnified Parties, which firm shall be designated by the Indemnified Parties or the Corporation, as the case may be). The Corporation agrees promptly to notify each Indemnified Person of the commencement of any litigation or proceedings against it in connection with the Bonds.

(c) The indemnity agreements contained in this Section 12 shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Issuer or the Underwriter, or the delivery of and any payment for any Bonds hereunder, and shall survive the termination or cancellation of this Bond Purchase Agreement.

(d) If the indemnification provided for in this Section 12 is unavailable, because of limitations imposed by securities laws or for any other reason, to a party that would otherwise have been an Indemnified Person in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then the Corporation shall, in lieu of indemnifying such Indemnified Person, contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion so that the Underwriter is responsible for that portion represented by the percentage that the Underwriter's discount with respect to the Bonds bears to the aggregate principal amount of the Bonds and the Corporation is responsible for the balance; provided, however, that (a) in no case shall the Underwriter be responsible for any amount in excess of the Underwriter's discount with respect to the Bonds and (b) no person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the 1933 Act be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation within the meaning of Section 11(f) of the 1933 Act. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 12 shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claims (which shall be limited as provided above if the Corporation has assumed the defense of any such action in accordance with the provision thereof).

### Section 13. **Notices.**

Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing to the Issuer at 241 West South Street,

Kalamazoo, Michigan 49007 and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to B.C. Ziegler and Company, One North Wacker Drive, Suite 2000, Chicago, Illinois 60606, and any notice or other communication to be given to the Corporation under this Bond Purchase Agreement may be given by delivering the same in writing to Lifecare, Inc., d/b/a Friendship Village, 1400 N. Drake Road, Kalamazoo, Michigan 49006.

**Section 14. Successors.**

This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Corporation and the Underwriter, including the successors or assigns of any of said parties, and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, covenants, agreements and indemnities of the Issuer or the Corporation in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriter and shall survive the delivery of and payment for the Bonds, but such representations and agreements shall only obtain as of such date of delivery and payment. The members, officers, employees or agents of the Issuer will not be personally liable for the performance of any obligation under this Bond Purchase Agreement. No recourse shall be had by the Underwriter for any claims based on this Bond Purchase Agreement or otherwise against any member, officer, employee or agent of the Issuer in his or her individual capacity, all such liabilities, if any, being expressly waived and released by the Underwriter. No provision, covenant, or agreement contained in this Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any Indiana constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit.

**Section 15. End of Underwriting Period.**

Unless the Issuer and the Corporation are otherwise notified in writing by the Underwriter on or prior to the date of the Closing, the “end of the underwriting period” for the Bonds (for purposes of the Rule) is the date of the Closing. If such notice is given, the Underwriter agrees to notify the Issuer and the Corporation in writing of the date of the “end of the underwriting period” as so defined. If between the date of this Bond Purchase Agreement and the date 25 days after such “end of the underwriting period,” any event shall occur that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer and the Corporation shall promptly notify the Underwriter, and, if in the reasonable opinion of the Underwriter or the Issuer, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer and the Corporation, at the Corporation’s expense, shall supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and the Issuer and will thereafter until the end of such period provide the Underwriter with copies of the Official Statement in sufficient quantities to comply with the Rule and the rules of the MSRB. The obligation of the Issuer to take action under this subsection shall be limited to circumstances in which they have actual knowledge of an event described above or are specifically requested by the Underwriter to take any action or provide any information within their control.

The Underwriter agrees to cause a copy of the Official Statement to be deposited before the end of the underwriting period with the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system).

**Section 16. Fees and Expenses.**

All fees and expenses of the Corporation and the Issuer incident to the performance of their respective obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter (including, but not limited to, meals, transportation and lodging of employees of such entities, which may be included in the expense component of the Underwriter's discount), the fees and expenses of consultants and rating agencies, filing fees required to be paid with respect to compliance with applicable state securities or Blue Sky laws, the fees and expenses of Bond Counsel, counsel for the Corporation and Underwriter's counsel, and the fees and expenses of any other counsel or expert retained by the Issuer shall be paid from the proceeds of the Bonds or any other available funds of the Corporation at or prior to the Closing. It is understood that the Corporation will pay the costs of printing and distributing the Preliminary Official Statement, the Official Statement and the Blue Sky memorandum. The Underwriter shall pay all of its own out-of-pocket expenses, including travel, dalcomp, FINRA, CUSIP and other expenses, incident to the performance of their obligations hereunder.

**Section 17. Survival of Certain Representations and Warranties.**

All agreements, covenants, representations and warranties and all other statements of the Issuer, its officials and its officers and the Corporation set forth in or made pursuant to this Bond Purchase Agreement shall remain in full force and effect, regardless of any investigation, or statement as to the results thereof made by or on behalf of the Underwriter or the Issuer, and shall survive the Closing Date and the delivery of and payment for the Bonds.

**Section 18. Governing Law.**

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State of Michigan, except as such laws may be preempted by any federal rules, regulations, and laws applicable to the Issuer. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Bond Purchase Agreement against the Issuer shall be brought and maintained in the State of Michigan.

**Section 19. Counterparts.**

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 20. Electronic Signatures.**

Delivery of an executed counterpart of a signature page of this Bond Purchase Agreement by fax, emailed PDF or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Bond Purchase Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Bond Purchase

Agreement and the transactions contemplated hereby or thereby shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Michigan Uniform Electronic Transactions Act or any other similar state laws based on the Uniform Electronic Transactions Act.

[Signature page follows]

This Bond Purchase Agreement shall become effective upon your mutual acceptance.

Very truly yours,

**B.C. ZIEGLER AND COMPANY**

By: \_\_\_\_\_

Name: Thomas Meyers

Title: Senior Managing Director

Accepted and agreed to:

**THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF  
KALAMAZOO**

By: \_\_\_\_\_

Name

Title:

**LIFECARE, INC. D/B/A FRIENDSHIP  
VILLAGE**, on behalf of itself and as Obligated  
Group Agent on behalf of the Obligated Group

By: \_\_\_\_\_

Name:

Title:

**Exhibit A**

**Description of the Bonds**

**THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF  
KALAMAZOO**

**Limited Obligation Revenue Bonds  
(Friendship Village of Kalamazoo), Series 2026**

**THE SERIES 2026A BONDS**

The Series 2026A Bonds will be issuable in fully registered form without coupons in denominations of \$100,000 and increments of \$5,000 or any integral multiple thereof. Interest on the Series 2026A Bonds will be payable on each February 15 and August 15, commencing on August 15, 2026.

**[\$\_\_\_\_\_] Term Bonds**

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_, Yield \_\_\_\_%<sup>C</sup>

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_, Yield \_\_\_\_%<sup>C</sup>

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_, Yield \_\_\_\_%<sup>C</sup>

\$ \_\_\_\_\_ % Term Bonds due August 15, 20\_\_, Yield \_\_\_\_%<sup>C</sup>

<sup>C</sup> Priced at the stated yield to the August 15, 20\_\_ optional redemption date at a redemption price of 100%.

*Optional Redemption.* The Series 2026A Bonds maturing on or after August 15, 20\_\_ are subject to optional redemption prior to maturity by the Issuer at the direction of the Corporation, in whole or in part, on any date on or after August 15, 20\_\_ at the redemption prices set forth below (expressed as a percentage of the principal amount being redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 15, 20__ through August 14, 20__	103%
August 15, 20__ through August 14, 20__	102%
August 15, 20__ through August 14, 20__	101%
August 15, 20__ and thereafter	100%

*Mandatory Sinking Fund Redemption.* The Series 2026A Bonds maturing on August 15, 20\_\_, August 15, 20\_\_, August 15, 20\_\_ and August 15, 20\_\_ (the "Term Bonds") shall be subject to mandatory redemption, in part, by lot, subject to adjustment as provided in the Bond Indenture, at par plus accrued interest to the dates of redemption set forth below in the following amounts, without premium:

Term Bonds Maturing August 15, 20\_\_

Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>	Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>
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\*Stated maturity

Term Bonds Maturing August 15, 20

Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>	Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>
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\*Stated maturity

Term Bonds Maturing August 15, 20

Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>	Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>
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\*Stated maturity

Term Bonds Maturing August 15, 20

Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>	Redemption Dates <u>(August 15)</u>	Principal <u>Amounts</u>
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\*Stated maturity

**THE SERIES 2026B BONDS**

The Series 2026B Bonds will be issuable in fully registered form without coupons in denominations of \$100,000 and increments of \$5,000 or any integral multiple thereof. Interest on the Series 2026B Bonds will be payable on each February 15 and August 15, commencing on August 15, 2026.

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Yield</u>	<u>Price</u>
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Series 2026B-1

Series 2026B-2

*Optional Redemption.* The Series 2026B-1 Bonds are subject to optional redemption prior to maturity by the Issuer at the direction of the Corporation on any day on or after August 15, 20\_\_ ; and the Series 2026B-2 Bonds are subject to optional redemption prior to maturity on any day on or after August 15, 20\_\_. The Series 2026B Bonds may be redeemed in whole or in part upon not less than 30 days written notice to the Bond Trustee at a redemption price equal to the principal amount of such Series 2026B Bonds to be redeemed, together with accrued interest to the date of redemption.

*No Mandatory Sinking Fund Redemption.* The Series 2026B Bonds are not redeemable with sinking fund payments prior to their maturity.

*Mandatory Entrance Fee Redemption.* The Series 2026B-1 Bonds and the Series 2026B-2 Bonds are subject to mandatory redemption monthly at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, to the extent moneys are on deposit in the Entrance Fee Redemption Account of the Bond Payment Fund as provided and further described in the Bond Indenture. The Series 2026B-2 Bonds shall be redeemed first, and then, if no Series 2026B-2 Bonds remain outstanding, the Series 2026B-1 Bonds shall be redeemed.

**Exhibit B**

Form of Supplemental Opinion of Bond Counsel

[to come]

**Exhibit C**

Form of Corporation Counsel Opinion

[to come]

**Exhibit D**

Form of Underwriter's Counsel Opinion

[to come]

**EXHIBIT E**

**ISSUE PRICE CERTIFICATE**

[to come]

Kalamazoo Social Equity  
Cannabis Chamber



# 2025 PROGRESS & IMPACT





# DISCUSSION **OVERVIEW**

POINTS TO COVER

2025 Goals

Key Achievements

Demographics

Community Impact

Plans for Growth

Financial



# PERFORMANCE BENCHMARKS

Community Outreach



## EVENTS & PARTICIPATION

Goal: 6-10 major events per year (workshops, job fairs, networking, webinars).

Target: 30+ attendees per event (in person).

Target: 15+ attendees per event (virtual).

Social Media Engagement: 5-7% engagement per post.

Email Marketing: Open rate percentage 50%.



## COMMUNITY PARTNERSHIPS:

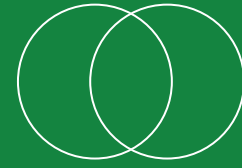
Target: Build 10+ strategic alliances with advocacy groups, cannabis businesses, and community leaders

## WORKFORCE DEVELOPMENT

Goal: Register 10+ job adults in cannabis careers through KVCC programs.

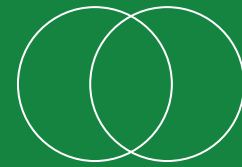
Jobs: Secure 3+ interviews from fall job fair

# 2025 GOALS



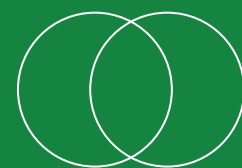
## **EXPAND BUSINESS AND WORKFORCE DEVELOPMENT PROGRAMS**

Given the high percentage of our community seeking opportunities, workforce training and entrepreneurial support should remain a priority.



## **STRENGTHEN POLICY AND ADVOCACY WORK**

With such a high concentration of local cannabis professionals, the Chamber is well-positioned to advocate for policies that support equitable business growth.



## **FOSTER MORE NETWORKING AND BUSINESS SUPPORT INITIATIVES**

Since a significant percentage of our community are already in the industry, creating more opportunities for peer mentorship, funding access, and business scaling will be valuable.



# 2025 GOALS

What We Want to Achieve

## **EXPAND BUSINESS AND WORKFORCE DEVELOPMENT PROGRAMS**

Given the high percentage of our community seeking opportunities, workforce training and entrepreneurial support should remain a priority.

## **STRENGTHEN POLICY AND ADVOCACY WORK**

With such a high concentration of local cannabis professionals, the Chamber is well-positioned to advocate for policies that support equitable business growth.



## **FOSTER MORE NETWORKING AND BUSINESS SUPPORT INITIATIVES**

Since a significant percentage of our community are already in the industry, creating more opportunities for peer mentorship, funding access, and business scaling will be valuable.





# KEY ACHIEVEMENTS

For Events, KVCC Program,  
Outreach and Marketing





# EVENTS

## 40 TOTAL EVENTS

10 In Person + 30 Webinars. A mix of educational and networking events.

## INCREASING ENGAGEMENT

255 of our registrations are repeat attendees + we gained over 600 followers on Eventbrite. Up 20% from 2024.

## 1000 TOTAL REGISTRATIONS

Average 60 % attendance conversation rate which is above average for free events.

## COMMUNITY ENGAGEMENT—MOST ATTENDED

### Summer Budtender BBQ

Bringing together more than 250 industry professionals for a day of networking, education, and community building. The event celebrated the essential role of budtenders while strengthening connections across Michigan's cannabis workforce.

### Spring Cannabis Career Fair

Welcomed over 150 attendees and resulted in 10 confirmed job placements. By connecting local talent with licensed operators, the event advanced our mission of creating equitable employment opportunities and supporting workforce growth within the Michigan cannabis industry.



# HIGHLIGHTING OUR COMMITMENT TO SUPPORTING

100% women- and minority-owned business vendors

## CHAMPIONING WOMEN- AND MINORITY- OWNED BUSINESSES

As part of our mission to advance economic inclusion and social equity, the Kalamazoo Social Equity Cannabis Chamber has prioritized **100% women- and minority-owned businesses** in our vendor partnerships throughout 2025. Our commitment extends across every aspect of our operations, ensuring that the businesses we support reflect the communities we serve.



## KEY HIGHLIGHTS FROM 2025

### Vendor & Partnership Impact (2025)

#### Diverse Partnerships:

In 2025, every event hosted by the Chamber was powered by women- and minority-owned businesses — from catering and event spaces to marketing, design, and production services. Our intentional sourcing approach ensured that equity was embedded in every detail of our programming.

#### Catering & Hospitality:

We continued our commitment to exclusively partner with Black-owned and women-led food businesses, turning each event into an opportunity to circulate dollars back into our local economy and uplift culinary entrepreneurs within our community.

#### Event Spaces:

All networking mixers, workshops, and resource fairs were held in minority- and women-owned venues, generating direct economic benefits for local businesses and increasing visibility for underrepresented space owners.

#### Marketing & Production:

From print materials

promotional

design



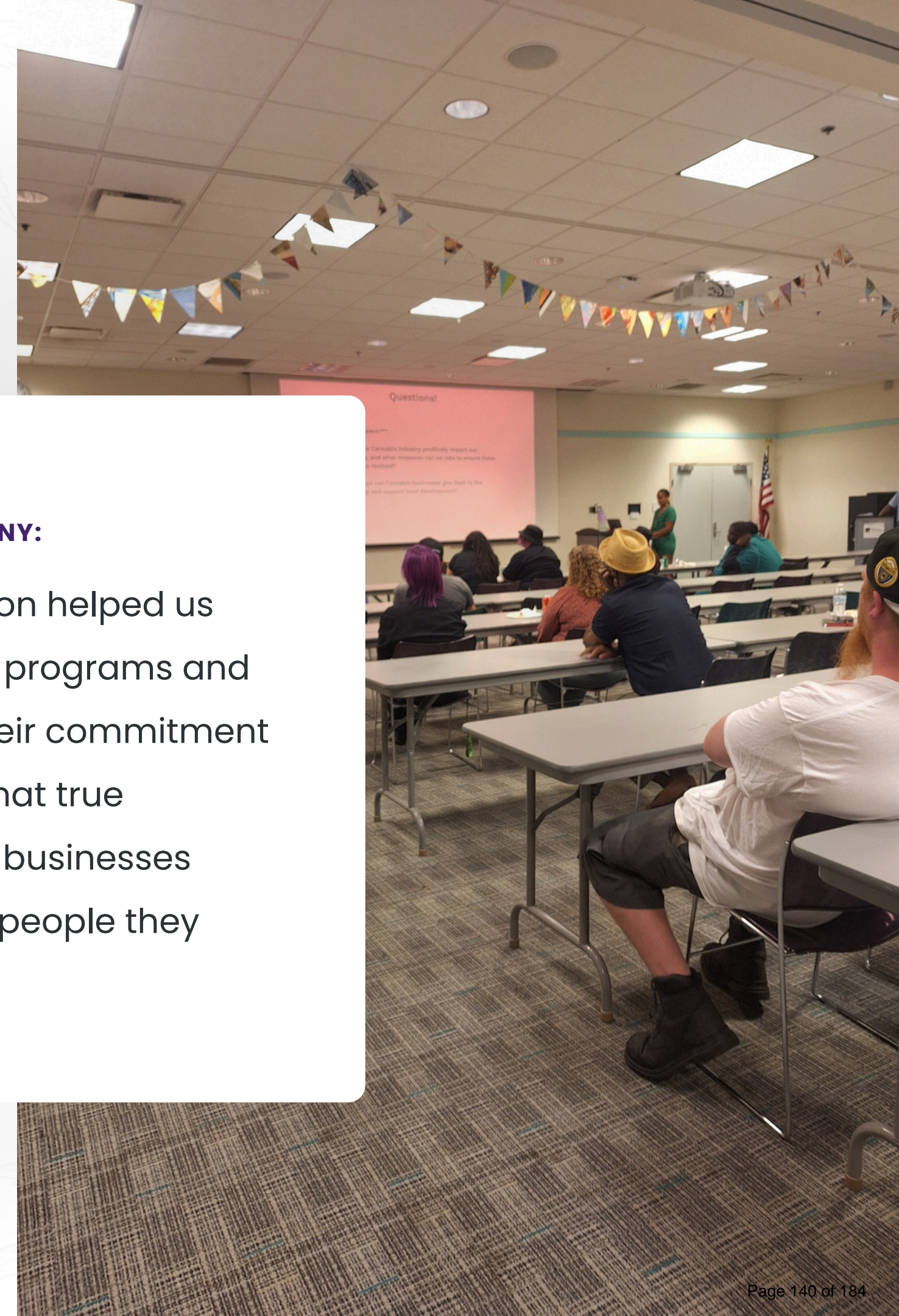
# EVENT TESTIMONY

## **CANNABIS INDUSTRY WORKER TESTIMONY:**

"The Chamber's events have been a game-changer. As someone working in the cannabis industry, I've made real connections that led to new opportunities and mentorship. It's one of the few spaces where social equity actually feels like action, not just talk."

## **NONPROFIT PARTNER TESTIMONY:**

"The Chamber's donation helped us expand our community programs and reach more families. Their commitment to giving back shows what true partnership looks like — businesses investing directly in the people they serve."





# KVCC Financial Aid Program

## COMMUNITY OUTREACH

We have hosted 5 informational sessions.

## INTEREST + ENGAGEMENT

Total attendees across all 5 informationals was 105.

Partnership with

**Kalamazoo****VALLEY**<sup>TM</sup>  
community college

## REGISTRATIONS

Over 207 total registrations for events.

## ENROLLMENT + COMPLETION

A total of 45 participants enrolled in the KVCC Cannabis Education Program, with 45 successfully completing the certification to date. Notably, 38 of those graduates reside in Shared Prosperity Kalamazoo (SPK) neighborhoods, reflecting the Chamber's commitment to equitable access and community advancement.

## ADVANCED COURSES

Additionally, 6 graduates have enrolled in the new advanced certification courses launching in January 2026, continuing their professional growth within the cannabis industry.



# KVCC TESTIMONY

## STUDENT TESTIMONY – KALAMAZOO VALLEY COMMUNITY COLLEGE CANNABIS CERTIFICATION

"Enrolling in the cannabis certification program at Kalamazoo Valley Community College was a turning point for me. I've always been passionate about cannabis, but I needed the right training and connections to get started. Thanks to the Kalamazoo Social Equity Cannabis Chamber, I completed the program and received tuition reimbursement, which lifted a huge financial burden. The experience gave me real industry knowledge, hands-on skills, and the confidence to land a job at a local dispensary right after graduation. The Chamber truly opened the door for my career in cannabis."





## LOCAL PARTNERSHIP:

# CAN-DO KALAMAZOO CO- WORKING SPACE

Our partnership with Can-Do Kalamazoo has strengthened the Chamber’s ability to operate as a consistent, accessible resource for the community. Having a dedicated local office allows our team to host regular meetings, in-person community gatherings, one-on-one office hours, and strategy sessions with local partners and entrepreneurs. The space provides a professional, collaborative environment where ideas become actionable plans —supporting our mission to create equitable economic opportunities in Southwest Michigan.

Partnership with



## IMPACT METRICS

01

dedicated office within the Can-Do Kalamazoo co-working hub

25+

in-person meetings and strategy sessions hosted in 2025

30+

entrepreneurs and partners engaged through on-site consultations

10+

community feedback sessions and resource hours held quarterly



# MARKETING

## **SOCIAL MEDIA + SMS**

We have created communities on 2 platforms. Facebook and Instagram. Paid events ads + organic educational content. 475 SMS subscribers.

## **WEBSITE**

Over 1530 website visits. Most engaged page is our "Event" page.

## **EMAIL MARKETING**

We have over 670 subscribers. A 55% open rate and a 40% click thru rate.

## **RADIO + IN PERSON**

40 monthly ads on WTOU-AM & WVFM-FM. We have partnered with High Profile, Bud & Marys, Mint to set up Vendor tables in store once a month.

# MARKETING EMAILS

## Subject-Matter Experts On-Site:



**Attorney**  
Entity Setup,  
Contracts, Risk  
Management



**CPA/Bookkeeper**  
Bookkeeping Systems,  
Taxes, Deductions



**Marketing Strategist**  
Brand, Content,  
Websites, Social Ads



**Operations Pro**  
SOPs, Tools, Hiring,  
Time-Saving Systems



**Compliance Consultant**  
Licenses, Permits,  
Regulatory Checklists



**Funding Advisor**  
Lenders, Grants,  
Packaging Your Ask

You're already doing the hard work. Let us help you do it smarter. Whether you're launching, scaling, or stuck on something specific, this clinic is your shortcut to clarity and action.

**Limited spots available for 1:1 sessions**  
— first come, first served.

[See You There](#)



## Give Thanks Community Volunteer Day:



Friday, November 21 · 1-4pm EST | Southwest Michigan Food Bank -  
5451 Wayne Rd, Battle Creek, MI 49037



# MARKETING TREND CHARTS

**CAREERS IN @N@BIS WORKSHOP**  
EXPLORE NON-PLANT TOUCHING CAREERS IN CANNABIS!  
**THURSDAY FEB 27, 2025**  
**5:30 - 7:00 PM**  
JOIN US FOR AN EXCITING WORKSHOP FILLED WITH NETWORKING, FOOD, AND EDUCATIONAL OPPORTUNITIES.  
**SAVE THE DATE!**

## Meta Ad Dashboard

Facebook Ad Clicks **779**

Month	Facebook Ad Clicks
Sep 2024	~150
Oct 2024	~600

Top Campaigns (Clicks)

Campaign	Clicks
Kalamazoo Career & Resource Fair - Fall 2024	<b>627</b>
KVCC Event Campaign	<b>342</b>

**Cannabis Education Courses At Kalamazoo Valley Community College**  
6:00 PM - 7:00 PM  
**Webinar: Financial Aid for Cannabis Industry Education at KVCC**  
Are you interested in pursuing a career in the cannabis industry but unsure about the cost of education? Join us for an informative webinar exploring the financial aid options available at **Kalamazoo Valley Community College (KVCC)** for cannabis industry education programs.  
During this session, you'll learn about scholarships opportunities that can help you gain the skills and credentials needed for a successful career in the cannabis industry. Whether you're a student, career changer, or aspiring entrepreneur, this webinar will provide valuable insights to help you access the financial support you need.  
**Don't miss out—register today!**  
[SIGN UP!](#)  
[VIEW EVENT →](#)

**Kalamazoo Cannabis Career Fair**  
10:00 AM - 2:00 PM  
**Welcome to the Kalamazoo Cannabis Career Fair!**  
Looking to break into the cannabis industry or take your career to the next level? Join us at the **Kalamazoo Cannabis Career Fair**—a premier networking and hiring event connecting job seekers with top cannabis employers, training programs, and industry resources!  
This event is designed to provide job seekers, entrepreneurs, and professionals with direct access to hiring managers, career opportunities, and essential resources for success in Michigan's growing cannabis industry. Whether you're looking for entry-level positions, management roles, or guidance on launching your own cannabis business, this is the place to be!  
◆ **Meet with top cannabis companies hiring now**  
◆ **Learn about training programs & certifications**  
◆ **Explore business and social equity resources**  
◆ **Connect with industry experts and network**



# MARKETING TREND CHARTS- CAMPAIGN VIEW

## Connect, Learn & Grow

- 18,450 Accounts Reached
- 101,307 Impressions
- Frequency: 5.49
- Amount Spent on Ad Spend: \$486.39
- Cost Per Click = \$0.39
- CTR: 2.58%
- 517 Post Engagements

## Build Your Business, Build Your Future

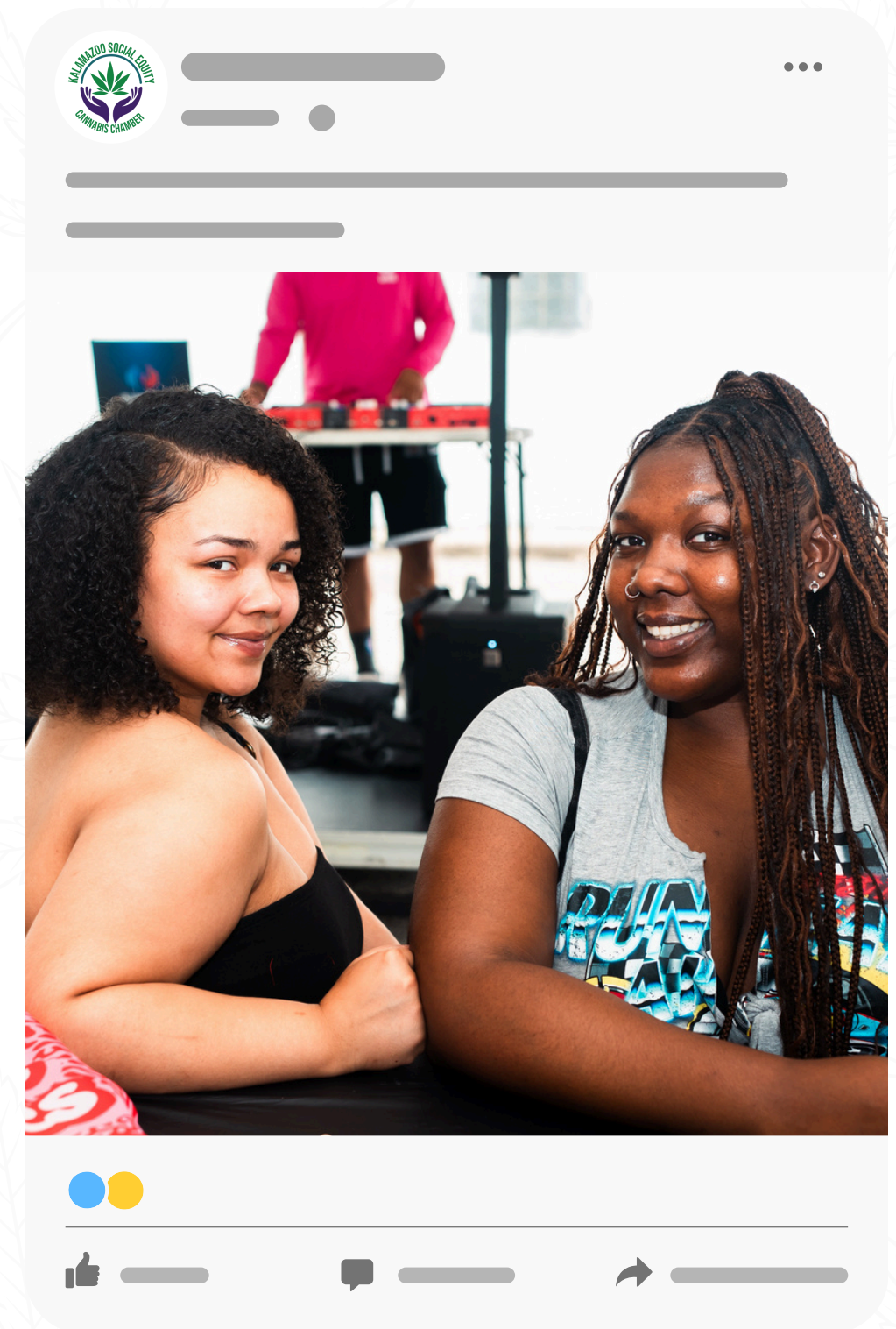
- 2,365 Accounts Reached
- 8,437 Impressions
- Frequency: 3.57
- Amount Spent on Ad Spend: \$277.94
- Cost Per Click = \$0.50
- CTR: 1.59%
- 403 Post Engagements

## Empower Your Small Business

- 3,307 Accounts Reached
- 4,712 Impressions
- Frequency: 3.61
- Amount Spent on Ad Spend: \$404.82
- Cost Per Click = \$0.54
- CTR: 1.32%
- 108 Post Engagements



# DIVERSITY MATTERS





# DEMOGRAPHICS

1.

## WOMEN AND BIPOC LEADERSHIP IN CANNABIS

With 70% of participants identifying as women and 60% as BIPOC, the Chamber is fostering a more diverse and equitable cannabis industry.

This surpasses national averages, as the cannabis industry has historically lacked representation from women and BIPOC entrepreneurs. This reflects growing inclusivity in leadership, ownership, and employment within the local market.

2.

## ECONOMIC EMPOWERMENT IN UNDERSERVED COMMUNITIES

65% of participants come from SPK low-income neighborhoods, meaning the Chamber is actively engaging those most impacted by economic barriers and past cannabis-related injustices.

This aligns with the Chamber's mission of ensuring economic mobility and access to resources for communities historically marginalized in the industry.

3.

## STRONG LOCAL ENGAGEMENT AND RETENTION

87% of participants live within the City of Kalamazoo, with another 13% in the county, showing a strong concentration of industry professionals within the region.

This demonstrates a growing local cannabis ecosystem, where businesses and professionals are staying and reinvesting in the community. It presents opportunities for policy advocacy and local economic development programs tailored to support this workforce.





# PROGRAM DIVERSITY STATISTICS CONTINUED

## 4.

### WORKFORCE READINESS AND INDUSTRY GROWTH

With **63% of participants already working or owning businesses in the cannabis industry**, this indicates a maturing sector with experienced professionals leading the way.

Meanwhile, the 37% seeking opportunities presents a need for continued workforce development, training, and business support programs.

The Chamber can play a key role in bridging the gap by connecting employers with job seekers and providing skills-based training.



A group of people are seated around a table in a community meeting. In the background, a sign reads "we're gonna have a PARTY!". The scene is overlaid with a purple and green gradient.

# COMMUNITY IMPACT

# CAREERS IN CANNABIS: Panel Discussion



**TUESDAY**  
**28 OCTOBER**  
**2025**

6:30 PM – 8:00 PM

Haworth College of Business  
Room 1280 Schneider Hall  
600 Marion Ave, Kalamazoo, MI 49006

*Join the*

Kalamazoo Social Equity Chamber,  
NABA at Western Michigan University  
and the Haworth College of Business  
for an engaging evening exploring  
career opportunities in Michigan's  
cannabis industry.

This dynamic panel will feature leaders representing retail, cultivation, manufacturing, legal, and compliance sectors-sharing firsthand insights on how they built their careers and businesses in this evolving field.

### Attendees will learn about:

- Real-world career paths and professional skills in demand
- Emerging business and entrepreneurship opportunities
- How diversity, social equity, and innovation are shaping the industry's future

**DON'T MISS** this opportunity to learn, network, and connect with cannabis professionals making an impact across Michigan!

# GIVE THANKS COMMUNITY VOLUNTEER DAY



**FRIDAY, NOVEMBER 21, 2025**  
**1:00–4:00 PM**

Southwest Michigan Food Bank – Warehouse  
5451 Wayne Rd, Battle Creek, MI 49037 (Ft. Custer Industrial Park)

### WHAT WE'RE DOING

Join us to assemble Senior Commodity Boxes filled with 18 shelf-stable items to support local seniors for the holidays.

### WHAT TO EXPECT

- Simple assembly-line packing & quality checks
- Quick orientation and safety briefing at 1:00 PM
- All supplies provided

### WHAT TO WEAR/BRING

- ☑ Closed-toe shoes
- ☑ Comfortable clothing
- ☑ Refillable water bottle

**RSVP** [socialequitychamber.com/events](http://socialequitychamber.com/events)

SCAN ME



Scan QR code or visit:  
Questions:

[www.socialequitychamber.com](http://www.socialequitychamber.com)

**25**  
**VOLUNTEERS**  
(individuals or groups welcome)

Partners/Hosted By



**SOUTH MICHIGAN  
FOOD BANK**



# SMALL BUSINESS RESOURCE CLINIC



**MONDAY**  
**11/17/25 | 4-7PM**  
315 S Rose St, Kalamazoo, MI 49007

Free 1-on-1 help from experts to grow & streamline your small business.

### WHO IT'S FOR

- Entrepreneurs
- Startups
- Early-stage founders
- Side-hustlers ready to formalize

### WHAT YOU'LL GET

- Free 15–20 min 1:1 consults with subject-matter experts
- Quick audits: business setup, compliance, operations, marketing, and finance
- Action checklists & templates to take home
- Funding readiness guidance (pro formas, pitch basics, lender expectations)
- Local resources & programs you can tap this quarter

### SUBJECT-MATTER EXPERTS ON-SITE:

- Attorney: entity setup, contracts, risk
- CPA/Bookkeeper: bookkeeping systems, taxes, deductions
- Marketing Strategist: brand, content, websites, social ads
- Operations/PM Pro: SOPs, tools, hiring, time-saving systems
- Funding/Capital Advisor: lenders, grants, packaging your ask
- Compliance Consultant: licenses, permits, regulatory checklists

SCAN ME



**FREE** with RSVP • Limited spots for 1:1 sessions  
Scan QR code or visit: [www.socialequitychamber.com/events](http://www.socialequitychamber.com/events)





# OUTREACH

## COMMUNITY PARTNERS

We partnered with local non profit Steps to Victory for holiday give back events plus a grant to start a new job training and food program for individuals from the re-entry ecosystem.



Established relationships with:

Sisters in Business

Southwest Michigan First Chamber

Douglass Community Association

Black Wall Street Kalamazoo

Outfront Kalamazoo

NABA- Western Michigan University

South Michigan Food Bank

Charlie's Place





# COMMUNITY IMPACT TESTIMONY



*"Lifting As We Climb"*

## **DR. JACKSON, WESTERN MICHIGAN UNIVERSITY:**

"Thanks to the Kalamazoo Social Equity Cannabis Chamber's generous donation, we were able to send ten Western Michigan University students to the National Association of Black Accountants Conference in Las Vegas this summer. For many, it was their first time attending a national professional event, and the experience was life-changing — opening doors to internships, mentorship, and real career opportunities. The Chamber's support truly invested in the next generation of Black professionals."



# PARTNERSHIP WITH



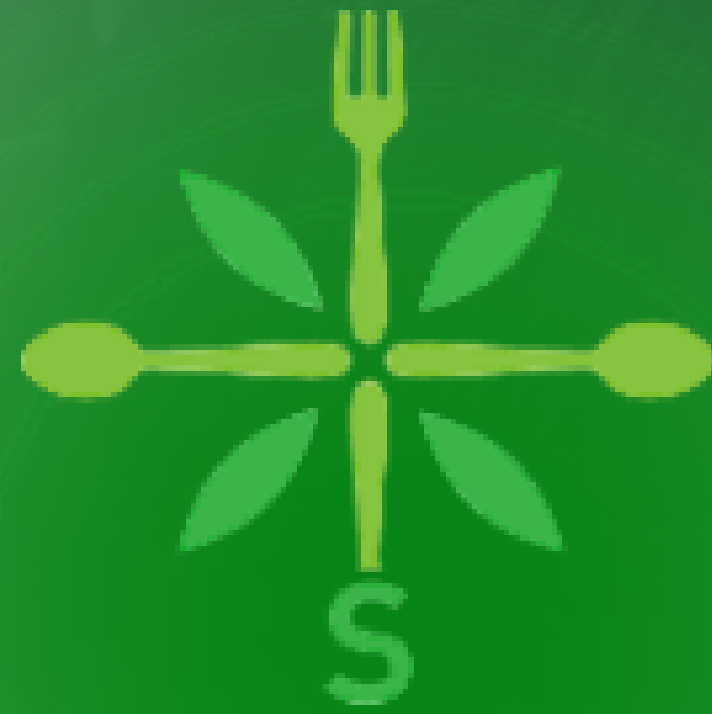
**STEPS TO VICTORY**





we're gonna have a PARTY!

# PARTNERSHIP WITH



**SOUTH MICHIGAN  
FOOD BANK**



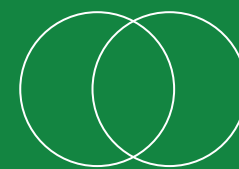




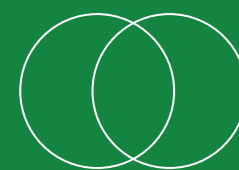


# OUTREACH IMPACT

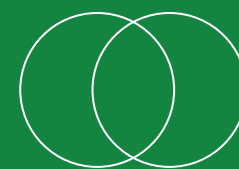
## COMMUNITY PARTNERS



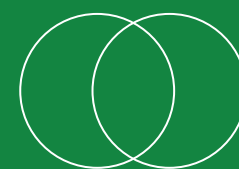
Donated hundreds of turkeys to local families in need, ensuring food security during the holiday season.



Provided hundreds of toiletry kits to community members, supporting dignity and essential daily care.



Packed 500 food boxes for seniors in partnership with a local food bank, delivering critical nutrition and support.



Distributed winter gear to individuals and families, helping our community stay warm during the coldest months.



A background image showing a social gathering of people in a room. The image is overlaid with a green-to-purple gradient. In the upper left, there is a chalkboard with the text "we're gonna have a PARTY!" written on it. The main text is centered and reads "PARTNERSHIP WITH LOCAL CANNABIS COMMUNITY".

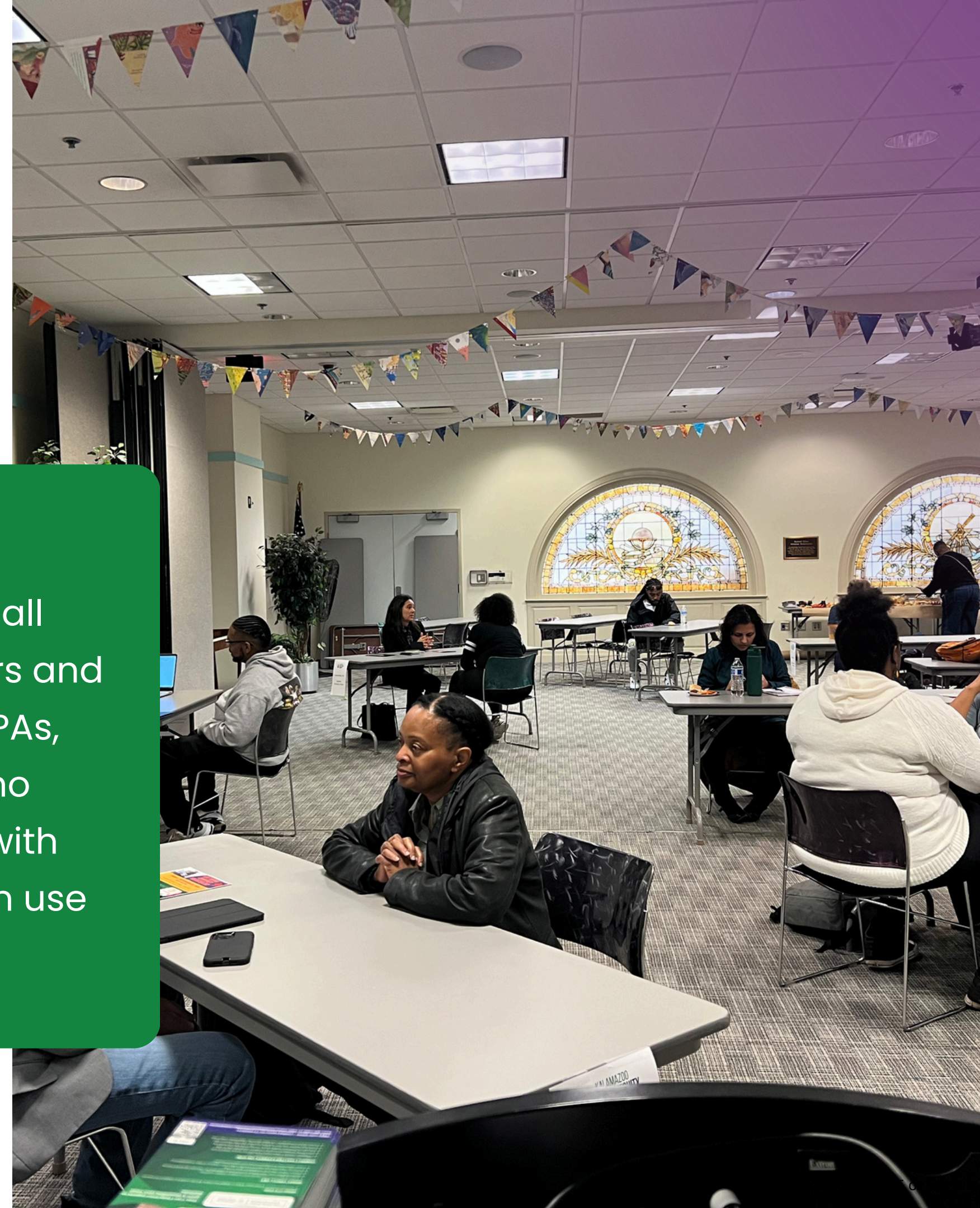
# PARTNERSHIP WITH **LOCAL CANNABIS COMMUNITY**



# OUTREACH

## COMMUNITY PARTNERS

We partnered with local cannabis operators, industry consultants, and business professionals to host a free Small Business Resource Clinic for the community. Entrepreneurs and creators received one-on-one support from attorneys, CPAs, marketers, brand strategists, and startup specialists—at no cost. The goal was to empower diverse local businesses with practical guidance, real expertise, and resources they can use immediately to grow, launch, or scale their ventures.





# OUTREACH IMPACT

## COMMUNITY PARTNERS

- Partnered with local cannabis operators and business professionals.
- Received over 200 signups and welcomed more than 100 participants.
- Attendees met with multiple subject-matter experts for high-value, one-on-one guidance.
- Participants gained practical advice from attorneys, CPAs, marketers, and startup specialists.
- Supported minority- and women-owned vendors for catering and marketing services.





# OUTREACH COMMUNITY PARTNERS





# ADVOCACY & **POLICY IMPACT**

This year, the Kalamazoo Social Equity Cannabis Chamber continues to play an active role in statewide lobbying efforts opposing the proposed 24% wholesale excise tax on Michigan's cannabis industry. The Chamber joined industry leaders and social equity operators at the Capitol to meet directly with legislators, emphasizing how the tax would devastate small businesses, threaten jobs, and widen inequities in the market. Through coordinated outreach, coalition building, and testimony, we helped amplify the voices of minority-owned operators and advocate for fair, sustainable cannabis policy that protects Michigan's diverse and growing industry.





# PLANS FOR GROWTH WITHIN **NEXT 6 MONTHS**



# EVENTS

## MORE TO COME

### DECEMBER 2025

#### Community Coat Drive with Steps to Victory

A winter giving initiative providing coats, gloves, and warm essentials to families in need. Includes donation drop-offs, volunteer shifts, and distribution support with Steps to Victory.

### JANUARY 2026

#### Cannabis Lobby Day in Lansing — 1/29/26

Chamber members and partners meet with Michigan legislators to discuss policy priorities, licensing issues, and equitable industry growth. Includes prep materials, talking points, and coordinated meetings.



# EVENTS

## MORE TO COME

**FEBRUARY 2026**

**Black Cannabis Business Spotlight & Networking Mixer  
(Black History Month)**

A celebration of Black leadership in the cannabis space. Features spotlights of Black-owned brands, a short fireside chat, minority vendors, and a networking mixer for professionals and community members.





# EVENTS

## MORE TO COME

### MARCH 2026 — EVENT 1

#### **Women of Cannabis Leadership Brunch (Women's History Month)**

A brunch event honoring women shaping Michigan's cannabis industry.

Includes a panel discussion, networking, and a small awards moment recognizing women trailblazers.

### MARCH 2026 — EVENT 2

#### **Small Business Skill-Building Workshop**

A hands-on workshop focused on branding, marketing, hiring, and business development.

Participants receive tools, templates, and direct guidance to scale or launch their businesses.



# EVENTS

## MORE TO COME

### APRIL 2026

#### Annual Spring Cannabis Job Fair — 4/4/26

A large-scale hiring event connecting local talent with cannabis operators, retailers, and ancillary businesses.

Includes on-site interviews, résumé support, and vendor tables for partners.



\*

# NEW PROGRAMS

## Upcoming Programs (Next 6 Months)

The Kalamazoo Social Equity Cannabis Chamber is proud to introduce two new initiatives designed to close capital gaps, empower entrepreneurs, and strengthen local impact.

### 01 **Small Business Pitch Competition**

Created to help address one of the biggest challenges facing minority-owned businesses — access to funding and investment opportunities.

- Entrepreneurs will pitch their business ideas to a panel of judges and investors.
- Winners will receive startup capital and business development resources.
- Participants gain mentorship and feedback from industry experts.
- Focus on supporting cannabis and ancillary small businesses in Southwest Michigan.

### 02 **Community Impact Micro-Grants**

Designed to fund grassroots projects that drive measurable change in our communities.

- Provides small grants to support local nonprofits, entrepreneurs, and community initiatives.
- Prioritizes projects in workforce development, youth engagement, and neighborhood revitalization.
- Encourages collaboration and innovation at the community level.
- Builds long-term partnerships that extend the Chamber's social equity mission beyond the cannabis industry.



# OVERALL 2025 IMPACT

# FINANCIAL SPENDING AT A **GLANCE**-2025

25%

Allocated to Marketing & Communication Initiatives.

15%

Event Costs, space rental, food, drinks.

20%

Cost of Operations including payroll, insurance, subscriptions, taxes.

20%

Donations to local community organizations.

5%

Policy & Advocacy Efforts

15%

Workforce Development Reimbursements



# OUR IMPACT BY THE NUMBERS....

Workforce Development

**\$45,000**

Scholarships Awarded

Small Businesses Supported

**\$45,000**

in services from local businesses

**45**

Graduates

**\$75,000**

Community Donations

**15**

Job & Internship Placements

**35**

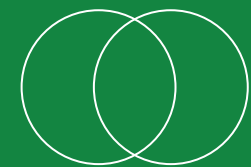
Mentorship Matches

**\$1,500-\$3,000**

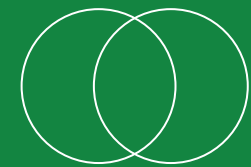
Average small business invoice spend



# YEAR OVER YEAR **CHANGE**



Increased community giving by 4x, reflecting a 300% year-over-year growth in donations to local nonprofits.



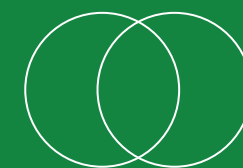
Lowered event costs by 40%, allowing us to reinvest savings into mission-aligned programming.



Reduced marketing expenditures by 37.5%, demonstrating stronger operational efficiency and resource optimization.



Expanded our impact portfolio to include direct support for cannabis policy advocacy, strengthening equity-focused legislative efforts.



Introduced workforce reimbursement support for KVCC programs, deepening our commitment to education, access, and career mobility.



# THANK YOU.

[www.socialequitychamber.com](http://www.socialequitychamber.com)



## Economic Development Corporation (EDC)

### Proposed 2026 Budget for Social Equity Fund 244-743

Revenues	2026 Projected	2026 Notes
Contributions from General Fund	\$326,586.00	Social Equity Contribution from 2025
<b>Total Revenue</b>	<b>\$326,586.00</b>	

Expenses	2026 Projected	2026 Notes
Professional and Contractual Services	\$300,000.00	Detroit Cannabis Annual Contract
<b>Total Expenses</b>	<b>\$300,000.00</b>	

**CITY OF KALAMAZOO  
ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION APPROVING BUDGET FOR THE SOCIAL EQUITY  
CANNABIS CHAMBER CONTRACT**

Boardmember \_\_\_\_\_, supported by Boardmember \_\_\_\_\_,  
moved the adoption of the following resolution:

**WHEREAS:**

1. The City of Kalamazoo Economic Development Corporation (the "EDC"), pursuant to the provisions of Act 338 of 1974, as amended, seeks to provide resources to alleviate and prevent conditions of employment by assisting and retaining local industrial and commercial enterprises and encouraging the location and expansion of industrial and commercial enterprises; and
2. The Purchasing Division of the City of Kalamazoo, in consultation with the EDC and the City of Kalamazoo Community Planning and Economic Department, issued a request for proposals (the "RFP") for the establishment of a Social Equity Cannabis Chamber in order to address disparities in the cannabis industry consistent with the City's Marihuana Social Equity Policy, which mandates that at least 25% of marihuana business fee and tax revenue received by the City be allocated to, *inter alia*, support workforce training, community outreach and education on marihuana use, and blight elimination; and
3. Following an interview process, a City evaluation committee comprised of five City staff members selected the Detroit Cannabis Project, LLC to form the Social Equity Cannabis Chamber as detailed in its proposal. The evaluation committee determined that the proposal of Detroit Cannabis Project, LLC aligned most closely with the City's vision of fostering equitable growth in the cannabis industry and ensuring that benefits extend to historically underrepresented communities and neighborhoods, and thereafter the parties entered a contract; and
4. The EDC has now considered whether to approve the budget related to the Social Equity Cannabis Chamber in order to fund the existing contract with Detroit Cannabis Project, LLC for 2026 in an amount not-to-exceed \$300,00.

**RESOLVED:**

1. That the EDC hereby approves the 2026 Social Equity Chamber budget in an amount not-to-exceed \$300,000 in order to fund the contract with Detroit Cannabis Project, LLC.
2. That all resolutions and parts of resolutions insofar as they conflict with the

provisions of this resolution be and the same are hereby rescinded.

YEAS: Boardmembers \_\_\_\_\_

NAYS: Boardmembers \_\_\_\_\_

ABSTAIN: Boardmembers \_\_\_\_\_

ABSENT: Boardmembers \_\_\_\_\_

**RESOLUTION DECLARED ADOPTED.**

Dated: December 18, 2025

\_\_\_\_\_  
\_\_\_\_\_, Secretary

**CERTIFICATION**

I, the undersigned duly qualified and acting Secretary of the City of Kalamazoo Economic Development Corporation, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of the Economic Development Corporation at a meeting held on December 18, 2025, and that public notice of said meeting was given pursuant to, and in accordance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: December 18, 2025

\_\_\_\_\_  
\_\_\_\_\_, Secretary

December 9, 2025

Dear Economic Development Corporation Board Members:

I've debated reaching out since I'm no longer a city employee; however, I still live in Kalamazoo and deeply care about the residents and businesses here. With that in mind, I want to share ongoing concerns about the direction of economic development in the city.

### **Focus on Programs vs. Outcomes**

It feels like too much attention is being placed on programs that look good on paper but don't deliver lasting impact—specifically tax base growth and good-paying jobs for residents.

### **Concerns with the Cannabis Industry**

In just the past few months, three dispensaries in Kalamazoo—Gage, Cookies, and Pincanna—have closed or announced closures, eliminating roughly 25 local jobs. Statewide, companies like TerrAscend have exited the market entirely, shutting down 20 locations and laying off more than 230 workers. These are not stable jobs we can rely on for long-term economic growth.

Even when stores are operating, wages remain low. Most front-line cannabis jobs pay \$15–\$19 per hour, well below Kalamazoo County's median wage of \$22.77. While store managers may earn \$70–80k, those positions are limited. This stands in contrast to sectors like health sciences or advanced manufacturing, where wages, benefits, and job ladders are significantly stronger.

### **Use of Social Equity Funding**

The City continues to fund the Social Equity Cannabis Chamber at roughly \$300,000 per year. From what I've observed, the primary outputs have been catered events marketed as “social equity.” This does little to help families struggling with housing costs or residents seeking entry into the middle class. That funding could likely achieve more impact if directed toward after-school programs, workforce training in high-demand industries, or homeownership and credit-building initiatives.

### **Outdated Financing Tools**

The City's EIF loan policy is more than 20 years old, and the City lacks the underwriting capacity of a financial institution. During my time at the City, we explored restructuring the EIF in partnership with a bank or credit union to create true gap financing. Oakland County has since implemented a similar revolving loan model with public oversight. That approach allows the public sector to fill financing gaps while relying on private lenders for underwriting expertise.

I am also concerned about the EIF loan issued to Kzoo Cream, LLC, a business registered with the State for less than a year. Given the limited EIF balance and the industry's track record for low-wage job creation, I question whether this was an appropriate use of public funds.

### **Need for Clear Incentive Standards**

Finally, Kalamazoo needs a written incentive policy tied directly to its Economic Development Strategy. Other communities, such as Flower Mound, Texas, only offer incentives when jobs pay at least 115% of the local median wage. Clear standards like this ensure accountability and allow public investments to be measured against meaningful outcomes.

Regards,

Jerrid Burdue