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November 17, 2022

VIA ELECTRONIC &
FIRST-CLASS MAIL

Diane Murphy Quinlan, Esq.
Assistant Director of Charitable Trusts
Department of Justice
Office of the Attorney General
33 Capitol Street
Concord, NH 03301
diane.m.quinlan@doj.nh.gov

Re: Rannie Webster Foundation and Rannie Webster Holding Company

Dear Director Quinlan:

On behalf of Rannie Webster Foundation and Rannie Webster Holding Company, I have enclosed a Notice of Change of Control submitted to the New Hampshire Director of Charitable Trusts pursuant to N.H. RSA 7:19-b (“Notice”). We are uploading the Appendices referenced within the Notice to the site provided by your office.

As the Notice describes, Rannie Webster Foundation, owner and operator of “Webster-at-Rye,” a skilled nursing facility, has determined that it is in the best interests of the organization, its residents, and the community it serves to affiliate with SilverStone by Hunt, parent of The Huntington at Nashua and Hunt Community. While SilverStone by Hunt will acquire certain corporate and decision-making powers concerning Webster-at-Rye’s operations, Rannie Webster Foundation will retain its corporate identity and status, its real estate, and its separate Board of Trustees.

We look forward to your review of the Notice and we are available to answer any questions that you and your colleagues may have. In addition, counsel for SilverStone by Hunt and I believe it would be useful to meet with you at your earliest convenience to discuss this filing and the timing of your office’s review.

Very truly yours,



Andrew B. Eills

Cc: RWF Board of Trustees
RWHC Board of Trustees
Thomas W. Argue, CEO
Brian Newman, CEO, SilverStone by Hunt
William Tucker, Esq.
Kathleen Pehl, Esq.

**NOTICE TO THE NEW HAMPSHIRE DIRECTOR OF CHARITABLE TRUSTS
PURSUANT TO NEW HAMPSHIRE RSA 7:19-b**

Re: Rannie Webster Foundation and Rannie Webster Holding Corporation

November 17, 2022

This Notice and its appendices (the “*Notice*”) are submitted to the New Hampshire Attorney General, Director of Charitable Trusts (the “*Charitable Trusts Director*”), pursuant to New Hampshire RSA 7:19-b (the “*Change of Control Statute*”) by **Rannie Webster Foundation**, a New Hampshire voluntary corporation, and **Rannie Webster Holding Corporation**. This Notice is being submitted in connection with the proposed affiliation transaction described in Section III below with **SilverStone by Hunt** (the “*Transaction*”). In support of this Notice, Rannie Webster Foundation and Rannie Webster Holding Corporation respectfully submit the following information:

I. THE PARTIES

A. RANNIE WEBSTER FOUNDATION AND RANNIE WEBSTER HOLDING CORPORATION

Rannie Webster Foundation (“*RWF*”), a New Hampshire voluntary corporation formed under New Hampshire RSA 292, was established in 1976 at the bequest of Rannie Webster, a businesswoman who summered in Rye, New Hampshire. After suffering a disabling horseback riding accident, Ms. Webster recognized the need for a place of rest and recuperation in the Rye area, and a home for seniors who were “by reason of old age, accident or bodily infirmity, or through lack of means” in need of health care. Appendix 1 (original 1976 Articles of Association). “It was here that Ms. Webster cast a vision that went well beyond her time and place, outlining the concept for Webster at Rye in her last will and testament.”¹

As a result of Ms. Webster’s vision, RWF owns and operates Webster at Rye, a licensed New Hampshire seacoast nursing home and assisted living community with a mission to provide a continuum of high-quality senior housing, healthcare, and memory services in an atmosphere of compassion and dignity. Construction began on Webster at Rye in 1985 and was completed in 1986. Since its inception, RWF’s operating values have

¹ <https://www.websteratrye.com/about-us/our-history-philosophy/>

guided the RWF Board to focus on and realize RWF's mission. These operating values include (i) maximization of quality of life and sense of well-being, (ii) the provision of high-quality healthcare in a homelike, secure and safe environment, (iii) the provision of compassion, dignity, and respect with individualized attention, (iv) the provision of excellence in management and governance, (v) engagement with RWF's greater community, and (vi) open communication with residents, family members, and employees.

RWF is exempt from federal income taxation as a charitable organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "*Internal Revenue Code*"). The current Articles of Association and Bylaws of Rannie Webster Foundation are attached as Appendix 2 and Appendix 3, respectively. RWF's most recent audited financial statements of Rannie Webster Foundation, and its Form 990s for the years ending 2019 and 2020, are attached as Appendix 4 and Appendix 5, respectively.

Since the establishment of RWF, the RWF Board of Trustees ("*RWF Board*") has responded to the needs of the community it serves and has sought strategic opportunities to enhance RWF's mission, values, and overall financial health. In doing so, the RWF Board has enhanced the high quality of Webster at Rye's facilities and reputation in the senior living market in the Seacoast region. The efforts of the RWF Board to amplify the quality and type of senior living options demonstrate its ever-present commitment to RWF's mission and values.

Initially conceived of and constructed as a 35-bed intermediate care nursing home, Webster at Rye expanded over the years to accommodate a total of 61 skilled nursing beds, 54 assisted living beds, and 25 memory care beds. As consumer demands evolved in the 1980s, the RWF Board voted to convert 35 retirement units to an equal number of assisted living units. In addition, through strategic acquisitions of "bed licenses" (permitted by statute despite the New Hampshire statewide moratorium on additional nursing beds), Webster at Rye has acquired the right to add additional beds to its bed number and is the only New Hampshire licensed nursing facility with this available resource. Webster at Rye also possesses local approvals to construct a 23-bed addition to its nursing home. Since its opening over 37 years ago, Webster at Rye has cared for many hundreds of seniors and has provided over \$20 million dollars in subsidized care for those in need.

In December 2006, after extensive strategic planning and in an effort to diversify its services, the RWF Board established two new entities, Rannie Webster Holding

Corporation and Webster Continuing Care. Rannie Webster Holding Corporation (“RWHC”), a New Hampshire voluntary corporation organized pursuant to RSA 292, was established as a holding company to obtain, manage and provide funding and services to Rannie Webster Foundation. As a result, RWHC became, at the time of its establishment, the sole member of the Rannie Webster Foundation. RWHC is exempt from federal income taxation as a charitable organization described under Section 501(c)(3) of the Internal Revenue Code. The current Articles of Agreement and Bylaws of Rannie Webster Holding Corporation are attached as Appendix 6 and Appendix 7, respectively.

The 2006 decision to create Webster Continuing Care, a subsidiary of RWHC and itself an RSA 292 voluntary corporation, derived from a favorable opportunity to address what was at that time a distinct need for a continuing care retirement community (“CCRC”) on a campus close to Webster at Rye. After meetings with the Charitable Trusts Unit, RWF obtained approval to access seed funding from RWF’s trust funds to gauge the efficacy of locating a CCRC in Rye. With this funding RWHC and the Webster Continuing Care Board engaged in a thorough evaluation to determine where to locate a “second campus” for the CCRC. This analysis included review of numerous parcels in Rye for purchase, land surveys, wetlands review, drafting of architectural renderings, and submission of development plans to the Rye Planning and Zoning Boards.

After several years of effort and multiple discussions with potential abutters, RWHC and Webster Continuing Care determined that a Rye-located CCRC would not be feasible. Just as RWHC and Webster Continuing Care commenced exploration of an alternative location in Stratham, New Hampshire, they faced the deleterious effects of the 2008 – 2010 recession, which led to unfavorable changes in bond financing. While it may have been possible to continue with a CCRC, abutter resolve coupled with a dramatic change in economic outlook demonstrated to RWHC, the RWF Board, and Webster Continuing Care that this project ultimately was not in the best interest of RWF’s mission and values. RWHC, therefore, as the sole member of Webster Continuing Care, dissolved the corporation effective August 23, 2013.

B. SILVERSTONE BY HUNT

Since 1895², the community of Nashua, New Hampshire has benefitted from the presence of what is now known as SilverStone by Hunt d/b/a SilverStone Living (“SilverStone”), a New Hampshire non-profit corporation, that serves as the parent

² <https://silverstoneliving.org/at-home-by-hunt/>

company of Hunt Community, located on 10 Allds Street in Nashua (“*Hunt Community*”), and The Huntington at Nashua, located on 55 Kent Lane in Nashua (“*Huntington*”). Each are CCRCs.

In 2000, SilverStone was established under the name of “Hunt Holding Corporation of Nashua” as a New Hampshire nonprofit corporation formed under New Hampshire RSA 292. In 2010, SilverStone amended its name to “Hunt Senior Living” and then again, in 2011, amended its name to “SilverStone by Hunt.” The Articles of Agreement and Bylaws of SilverStone (fka “Hunt Senior Living”) are attached as Appendix 8 and Appendix 9, respectively.

The SilverStone community started with “an endowment from philanthropist John M. Hunt, who felt the desire to assist the underserved in the community in the late 1800s, and his spirit is what has led this community for more than a century.”³ It is exempt from federal income taxation as a charitable organization described under Section 501(c)(3) of the Internal Revenue Code. The most recent audited financial statements of SilverStone, and its Form 990 for the year ending on April 30, 2021, are attached as Appendix 10 and Appendix 11, respectively.

In line with this spirit, SilverStone oversees two Life Plan Communities – the Hunt Community and The Huntington. “A Life Plan Community is a senior living community that offers tiered lifestyle and healthcare options all on one campus. These types of options include independent living, assisted living, and skilled nursing services. Life Plan Communities provide active lifestyle options to older adults through their comprehensive services and amenities.”⁴

i. The Hunt Community

Since 1983, the Hunt Community’s object and purpose has been to “provide a continuum of residential care for aged men, women and couples.” The Articles of Agreement and Affidavit of Amendment of The Hunt Community are set forth in Appendix 12 and Appendix 13, respectively.

In line with this purpose, in 1992, the Norwell Home, a New Hampshire voluntary corporation, which operated as a “residential care facility . . . for the purpose of providing

³ <https://www.nhmagazine.com/guide-to-retirement-living-silverstone-living/>

⁴ <https://silverstoneliving.org/faq/>

for the support and maintenance of aged protestant women”⁵ was merged into the Hunt Community organization.

The Hunt Community provides independent retirement living for “anyone aged 62 and better.”⁶ Its services include extensive social, recreational, educational and cultural programs, full-service dining programs, fitness and wellness programs, routine housekeeping and elevated care available with assisted living and nursing care.⁷

An additional program offered by the Hunt Community is “At Home By Hunt.” “At Home By Hunt” provides service to adults who wish to “remain in their homes with a long-term care plan in place for tomorrow.”⁸ These adults “prefer to age in place, remaining in the home they love regardless of future health changes.”⁹ Some services provided to the program users are personal wellness and care coordinators (available 24/7), vetted and trusted home service providers, emergency response systems, access to the SilverStone communities and their amenities and a lifetime coverage with predictable fees.¹⁰

The most recent audited financial statements of the Hunt Community, and its Form 990 for the year ending on April 30, 2021, are attached as Appendix 14 and Appendix 15, respectively.

ii. *The Huntington*

The Huntington opened in 2000. The Huntington’s object and purpose is to “provide a continuum of residential care for aged men, women and couples, to promote the general charitable purposes of Mary A. Hunt and Mary E. Hunt” Appendix 16 sets forth the Articles of Agreement of The Huntington at Nashua.

The Huntington provides both independent retirement living and assisted living. Some provided services include extensive social, recreational, educational and cultural programs, full-service dining program, fitness and wellness programs and elevated care available with assisted living and nursing care.¹¹

⁵ Agreement of Merger, executed May 21, 1992.

⁶ <https://silverstoneliving.org/the-hunt-community/>

⁷ <https://silverstoneliving.org/the-hunt-community/>

⁸ <https://silverstoneliving.org/faq/>

⁹ <https://silverstoneliving.org/faq/>

¹⁰ <https://silverstoneliving.org/at-home-by-hunt/>

¹¹ <https://silverstoneliving.org/the-huntington/>

The most recent audited financial statements of The Huntington, and its Form 990 for the year ending on April 30, 2021, are attached as Appendix 17 and Appendix 18, respectively.

II. BACKGROUND AND IMPERATIVES FOR THE TRANSACTION

As with many skilled nursing facilities in New Hampshire, for a number of years Webster at Rye has confronted challenges to its fiscal health. While it has never wavered in its delivery of excellent care for its residents, Webster at Rye has not been immune to the pressures occasioned by staffing difficulties, a decrease in private pay residents, and operational impediments arising out of its status as a stand-alone nursing and assisted living facility, albeit one with a stellar reputation and long history in the Seacoast community of New Hampshire. In January, 2020, in order to maintain the requisite high-quality of service, the RWF Board, through its Executive Committee, determined it crucial to increase its LNA staff by two, at an additional annual cost of approximately \$150,000. In February 2020, the facility's water pipelines required re-lining which required an outlay of approximately \$300,000.

The onset of the COVID-19 pandemic did not make, and have not made, things any easier. Indeed, since the beginning of the pandemic in early 2020, Webster at Rye has faced increased staffing shortages, financial difficulties, and other operational challenges. Commencing with the pandemic in the spring of 2020 and continuing into 2022, Webster at Rye has struggled to fill vacancies in essential staff positions, including registered nurses, cooks, and other positions. Even with the closure of a nearby nursing home in Portsmouth, Webster at Rye has found it difficult to recruit new employees sufficient to fill staff vacancies; the demand for such staff has outpaced the supply, and the cost of housing in the Seacoast area also has inhibited new employee recruitment. Upon information and belief, other area nursing homes have been able to offer salaries greater than Webster at Rye has been able to support, and pandemic necessities and the proximity of higher-paying Massachusetts facilities have driven local nursing home pay scales higher. By early 2021, Webster at Rye had 24 unfilled staff positions, 36 unfilled nurse shifts, and was at risk of being unable to meet resident care needs, accept new residents, or keep departments fully operational.

In order to maintain all of its operations, Webster at Rye has been forced to rely upon staffing agencies to fill needed staffing roles, principally nursing staff. The effects of the pandemic on the available labor force have been severe, and the resulting increase in expenses has been striking. Webster at Rye has had to increase its nurse agency

expenditures from \$29,890 in Fiscal Year (“FY”) 2019 to \$318,738 in FY 2022. Its expenditures on nurse aide agency costs are also dramatic, increasing from \$70,885 in FY 2019 to \$1,319,502 in FY 2022. Because of Webster at Rye’s ongoing commitment to serve its residents and to maintain the quality of its staff and facilities, these costs were never and have never been optional.

Due to the COVID-19 pandemic, Webster at Rye was forced to postpone a planned expansion project in 2020. Also due to COVID-19, the facility incurred significant additional costs for staff testing and the purchase of personal protective equipment (PPE) at increased pandemic prices. Although Webster at Rye received CARES Relief Fund Stimulus Payments, took advantage of the Payroll Protection Program (PPP) and HUD refinancing, and received a FEMA reimbursement for some PPE expenses, increased costs and decreased residency resulted in financial losses for nearly every month of 2020 and a net annual loss of for Fiscal Year 2020 of approximately \$538,265.

In September of 2020, the Board of Rannie Webster Foundation discussed a solicitation received by a Trustee for the sale of Webster at Rye. At that time, the Board decided, in keeping with RWF’s mission, that a sale should only be triggered if Webster were facing insolvency, and the Board members remained optimistic that Webster at Rye could recover financially, despite staffing shortages, competition in the area, a declining resident census, and ongoing operating losses. Nonetheless, exploration of alternative avenues for funding yielded no results, and Rannie Webster Foundation entered 2021 facing continued financial and staffing difficulties.

In March of 2021, SilverStone Living expressed interest in discussing a partnership with Webster at Rye. The Rannie Webster Foundation Board agreed to entertain exploratory discussions and to gather additional information for strategic planning considerations. These discussions made sense because RWF and SilverStone had a history of collaboration; in 2011 Webster at Rye and the then-newly formed Hunt at Home organization entered into an agreement to provide skilled nursing services to any Hunt at Home member in the Seacoast area in need of such services. Although the suggested partnership could offer greater financial strength, economies of scale, and potentially help to facilitate the previously postponed Webster at Rye expansion, the Board was cautious about moving forward without a full understanding of the potential benefits and risks of partnering with SilverStone and whether an affiliation of some type would best serve its mission.

In May of 2021, Thomas Argue, the CEO of Webster at Rye, met with Brian Newman, SilverStone’s CEO. Mr. Newman expressed SilverStone’s interest in affiliating

with Webster at Rye to provide additional high-quality private rooms for SilverStone residents and to help expand SilverStone’s mission to the Seacoast area. Following this initial meeting, the SilverStone Living Executive Committee invited Webster’s Executive Committee to meet and tour the Huntington CCRC campus. Over the following months, the CEOs and members of both Boards continued to meet and discuss the possibilities of a partnership or affiliation.

While exploratory discussions commenced with SilverStone, Webster at Rye continued to face increasing financial setbacks, staffing shortages, and operational challenges throughout 2021. The 2021 audit for Webster revealed an operational loss for 2021 of \$766,483. Resident population declined throughout the year, and COVID-related expenses for testing and PPE continued to mount. By January of 2022, Webster at Rye still had over 30 full-time staff positions open, leading Webster to limit new admissions. Meanwhile, the Rannie Webster Foundation Board continued to explore in depth the potential benefits of affiliation with SilverStone, with assistance from Keith Robertson, of Zeigler Investment Banking.

By April of 2022, the Rannie Webster Foundation Board determined that, based on its financial challenges, the most viable way to effectively solve the acute and persistent problems associated with staffing and its operations would be to examine in detail an affiliation with SilverStone. In addition, the Board recognized that an affiliation would allow RWF to complete its expansion project. The Board felt that such an affiliation would also bring valuable experience and support from the leadership team at SilverStone, increase Webster at Rye’s overall financial stability, provide significant opportunities for future growth and development, and help Rannie Webster Foundation continue and expand its mission while enhancing the quality of care at Webster at Rye. In May of 2022, the Board determined to move forward with affiliation discussions. The Board members determined that a strategic partnership with SilverStone represented a valuable opportunity to preserve and to strengthen each organization’s missions and cultures.

RWF and SilverStone executed a Letter of Intent on July 22, 2022 and subsequently commenced a rigorous due diligence process by which the RWF and SilverStone Boards each acquired details about their respective organizations. During this process, the RWF Board had the opportunity to inquire of its accounting team and legal counsel to evaluate information provided by SilverStone which informed the RWF Board as it evaluated the affiliation. As a result of this, the RWF Board is satisfied with its review of the due diligence responses received from SilverStone.

The RWF Board is cognizant of several transactions in New Hampshire involving acquisitions of skilled nursing homes by for-profit entities and, indeed, had the opportunity to affiliate with SilverStone not presented itself, it is possible that RWF might have embarked on a similar path. By seizing this opportunity with SilverStone, however, the RWF Board is confident that the mission of the organization will be enhanced through the two organizations commitments to one another as non-profit, charitable organizations, each charged with duties to the communities which they serve.

III. SUMMARY OF THE TRANSACTION

RWF and SilverStone desire to enter into the shared decision-making and governance structure described herein, with the result that RWF will be integrated into the “SilverStone family” of entities. Attached as Appendix 19 is the Affiliation Agreement between Rannie Webster Holding Corporation and SilverStone by Hunt dated as of [insert date] (the “*Affiliation Agreement*”) The material terms of the Affiliation Agreement and the proposed Transaction (sometimes referred to as the “*Affiliation*”) are summarized below.

A. MERGER; AFFILIATION AGREEMENT.

1. Merger of RWHC with and into RWF.

The Affiliation Agreement contemplates the consummation of a series of steps by which RWF and SilverStone will affiliate. The first is the merger of RWHC and RWF. RWHC originally was conceived and established in 2006 as a holding company for RWF and other related affiliates during a period when RWF’s Board of Trustees envisioned the development of a separate continuing care retirement community. While that project never materialized, RWHC, as RWF’s sole corporate member, has continued to offer operational and managerial support to RWF. RWF holds, however, the charitable assets devoted to the mission and the operations of Webster at Rye. As a result, on the Effective Date of the Affiliation, RWHC will merge into and with RWF pursuant to the provisions of N.H. RSA 292, with RWF as the surviving entity.

2. Affiliation Agreement.

Immediately after the statutory merger of RWHC and RWF, on the Effective Date RWF will enter into the Affiliation Agreement with SilverStone (the “*Affiliation Date*”). Simultaneously, RWF and SilverStone will amend their respective Articles of Agreement

and Bylaws to incorporate certain provisions of the Affiliation Agreement (following such amendments, the “*Affiliated Entities*”). Central to the Affiliation, and in order to integrate operations, maintain consistent practices, develop unified strategies (such as recruitment and retention of staff), SilverStone will become the sole corporate member of RWF. As a result, it will have specific reserved powers, as described herein, regarding RWF’s operations, financial management, and certain administrative functions.

After the Affiliation, the RWF Board will remain in place and continue in its fiduciary role with regard to RWF’s historic mission to deliver skilled nursing and assisted living care. RWF will continue as a separate corporate entity, independently licensed to operate its skilled nursing and assisted living facilities.

a. Reserved Powers of SilverStone

In order to achieve the benefits that the parties believe the Affiliation will deliver, SilverStone will exercise certain “reserved powers” relating to RWF’s operations. As delineated within the Agreement, these involve oversight of and decision-making power regarding:

- i. *Strategic Plan and Budgets.* Final adoption of, amendment to or waiver of any material provision of any strategic plan or any annual operating plan or budget.
- ii. *Contracts.* Approval of or entering into any contract or other expenditure of any kind where the annual expense to RWF exceeds ten percent (10%) of the total expenditures provided in RWF’s annual budget.
- iii. *Indebtedness.* The incurrence of any indebtedness for borrowed money or entering into any capital lease obligation that, in either case, has not been specifically set forth in a written operation budget approved by SilverStone, where the annual amount of the obligation exceeds ten percent (10%) of the total expenditures provided in RWF’s annual budget.
- iv. *Asset Sale or Disposition.* Entering into or agreeing to enter into or otherwise approving of any transaction including a merger, consolidation, affiliation, dissolution, gift or sale of RWHC’s assets outside the ordinary course of business other than transfer of Permanently Restricted Funds as described in Section 2.7.4.

- v. *Acquisition.* Acquiring or agreeing to acquire by merger, consolidation with or purchase of substantially all of the assets of any other entity or division thereof outside the ordinary course of business.
- vi. *Key Strategic Relationships.* The participation by RWF or any subsidiary of RWF in a Key Strategic Relationship (The term “Key Strategic Relationship” means the ownership of, or contractual participation in, a network, system, affiliation, joint venture, alliance or similar arrangement (not including managed care contracts or other payment arrangement with third party payors)), entered into with an organization other than SilverStone or one of its subsidiaries.
- vii. *Programmatic Changes.* Elimination or addition by RWF or any subsidiary of RWF of (i) any line of business or (ii) any service or program with costs or revenues in excess of 1% of total budgeted revenue.
- viii. *Governance Document Amendments.* The amendment of the Articles of Agreement, Bylaws or other governing documents of RWF.
- ix. *Appointment of Auditor.* The selection and appointment of an auditor to examine the financial records and present his/her report at the annual meetings of the SilverStone Board and the RWF Board.

b. Composition of RWF Board of Trustees; representation on SilverStone Board.

Under the Affiliation, the Bylaws of RWF will be amended to reflect that Board membership will be no less than eight and no greater than twelve, a range which mirrors the bylaws of Hunt Community and The Huntington of Nashua. To ensure continuity of leadership and a smooth integration, the current RWF Board members will continue to serve. In addition, SilverStone will have the right to nominate up to three candidates for RWF Board membership. Concurrently, RWF will nominate two candidates for membership on SilverStone’s Board.

c. SilverStone Operational Support and Oversight

The Agreement contemplates SilverStone’s operational support through collaboration to assist RWF with strategies to increase Webster at Rye’s revenue through increased occupancy and, crucially, recruitment and retention of full-time staff. SilverStone will provide operational support in this area through the

implementation of the successful approaches employed for Hunt Community and The Huntington. RWF and SilverStone envision a collaborative relationship wherein they will share administrative and management expertise to realize efficiencies gained through the Affiliation.

d. Management Services Agreement

In return for SilverStone's managerial and operational resources and support, RWF will execute a Management Services Agreement to offset SilverStone's total cost of providing these services. The Management Services Agreement is set forth in Appendix 20. Hunt Community and The Huntington also have entered into similar arrangements as subsidiaries of SilverStone.

e. Line of Credit Agreement

In order to allow RWF maximum flexibility to invest in resources for recruitment and retention of staff, and to provide RWF with a financial cushion, SilverStone will provide RWF with a revolving line of credit of up to \$2,000,000. For a period of three years no interest will accrue on any funds drawn on the line of credit. The Revolving Line of Credit Agreement ("*LOC Agreement*") and Promissory Note to the LOC Agreement are set forth in Appendix 21 and Appendix 22, respectively. Significantly, to allow RWF some breathing room while the two organizations focus on strengthening Webster at Rye's operations, no principal payments will be due during the first three years of the LOC Agreement. Moreover, in the unlikely event that RWF's "cash on hand" to fund its operations dips below that needed to fund operations for thirty days, RWF will not be required to make a payment for any such month.

f. Restricted Funds and Post-Affiliation Donations

In keeping with RWF's continued status as a separate, non-profit entity, RWF will continue to honor any permanent restrictions imposed by donors either before or after the Affiliation upon any of RWF's "endowment funds" (aka "permanently restricted funds"). In addition, any pre-Affiliation RWF Board-designated or benevolence funds or any post-Affiliation capital reserves, whether or not such reserves may be under approved capital budgets, will remain under the sole control of the RWF Board. These funds, defined in the Affiliation Agreement as the "Unrestricted Reserve Funds," will continue to be dedicated,

available for use, and used exclusively for the support of RWF as identified in the donor restriction, board-designated or benevolence fund, or the capital budget. Should RWF receive donations specific to RWF, such donations only will be used for the support of the RWF community.

B. CHARITABLE MISSIONS AND GOVERNANCE.

1. Charitable Missions. The charitable missions of the parties are compatible, and their respective Boards of Trustees have determined that the Affiliation is in furtherance of such missions. The RWF and SilverStone Boards have determined that the Affiliation will afford each organization opportunities to enhance the quality, effectiveness, and efficiencies of the health care services offered to their respective residents. The RWF Board is committed to preserving the charitable mission under which Webster at Rye has operated for 37 years and has concluded that the Affiliation will sustain this mission.

2. Governance. As described in Section III, A. above, to ensure continuity and stability, the RWF Board shall remain as it is, with the addition of up to three new members nominated by SilverStone. Under its amended Bylaws, the RWF Board will be composed of between 8 and 12 members. In order to foster immediate representation of the RWF community on the SilverStone Board, RWF will nominate, in turn, two individuals for membership.

With respect to RWF's officers, the Affiliation Agreement contemplates that Webster at Rye will be managed by Todd Fernald, as the Executive Director, together with his existing staff. The SilverStone CEO will be delegated responsibility for the appointment, evaluation, and compensation of the RWF Executive Director, subject to input from the RWF Board.

C. FINANCIAL SUPPORT.

While neither party will transfer any assets, cash, or other financial consideration as part of the Affiliation, as described above SilverStone will provide financial support in the form of the LOC Agreement and Note (specifying three years of interest-free borrowing) to RWF to ensure that RWF's administrative and operational needs are met into the future.

Because RWF will become a subsidiary of SilverStone, following the Affiliation SilverStone may on occasion (i) allocate “available assets,” meaning Unrestricted Reserve Funds, from SilverStone to RWF or another subsidiary of SilverStone, (ii) reallocate available assets among subsidiaries or to SilverStone, (iii) share personnel and other non-monetary resources between subsidiaries, and (iv) facilitate loans for its subsidiaries. Any reallocation of RWF assets requires the approval of the RWF Board. If the RWF Board objects to a proposed reallocation, the SilverStone Board must in good faith reconsider its proposal, and a vote on the reconsidered reallocation must obtain a two-thirds majority to become effective.

D. CHARITABLE ASSETS; MANAGEMENT.

1. Charitable Assets. The assets and liabilities of Rannie Webster Foundation will remain with RWF, subject to the reallocation provisions of the Affiliation Agreement as discussed above. Unrestricted Reserve Funds held by RWF shall remain under the exclusive control of the RWF Board and shall be devoted solely to the RWF community.

2. Executive Management. RWF’s current CEO, Thomas Argue, will retire on or about December 16, 2022, after which he will remain available to serve RWF as a consultant. Todd Fernald will assume the title and responsibility as RWF’s Executive Director. The current executive leadership team will remain in place. Thereafter, the SilverStone CEO will be delegated authority to terminate the RWF Executive Director, subject to input from the RWF Board which shall be considered in good faith.

E. ONGOING PLANNING; CONDITIONS TO CLOSING; AFFILIATION EFFECTIVE DATE.

1. Ongoing Planning. In recognition that their Affiliation and administrative, financial, and operational relationship may evolve over time, and to ensure that their Affiliation remains appropriate, balanced, and effective in the future, RWF and SilverStone each commit to a formal review of the Affiliation and its components on each fifth anniversary following the date of Affiliation. Modifications to the Affiliation Agreement would require amendments. In the event of a dispute, the parties could seek to arbitrate their differences. Notwithstanding this process, termination of the Affiliation Agreement could not occur were it to result in a threat to either party’s existence.

2. Conditions to Closing. The proposed Affiliation is conditioned upon the following:

(a) *Regulatory Approvals.* The Affiliation must be approved by the New Hampshire Director of Charitable Trusts under NHRSA 7:19-b, and the New Hampshire Attorney General, Consumer Protection and Antitrust Bureau shall review the transaction as necessary.

(b) *Remaining Due Diligence.* The completion by each party, and receipt of satisfactory results, of any updated due diligence into various administrative, community, financial, legal, operational and other issues and matters occurring between the Effective Date of the Affiliation Agreement and the Closing Date which may impact the successful consummation of the Affiliation

(c) *Additional Board Votes.* To the extent that any material modifications are required to the Affiliation Agreement or any of the documents attached as exhibits as a result of the regulatory review and/or public hearing under RSA 7:19-b, then such modifications must be approved, and the Affiliation Agreement ratified by the Parties' respective boards.

(d) *Approval of the U.S. Department of Housing and Urban Development.* RWF has received financing through the U.S. Department of Housing and Urban Development ("*HUD*") in the amount of \$15,923,000. Appendix 23 sets forth the "*Healthcare Regulatory Agreement-Borrower*" between HUD and RWF. As a result, RWF, in conjunction with SilverStone, must submit its "*Transfer of Physical Asset Application*" and receive approval from HUD.

3. Affiliation Effective Date. The Affiliation will become effective upon RWF filing its Amended Articles of Agreement and Bylaws with the New Hampshire Secretary of State, which shall occur promptly after all conditions precedent to the Affiliation have been satisfied. The parties seek to complete the transaction by March 1, 2023.

IV. FULFILLMENT OF FIDUCIARY AND STATUTORY DUTIES

A. FURTHERANCE OF THE CHARITABLE MISSION

1. Charitable Mission Supported and Furthered. A primary fiduciary role of the Rannie Webster Foundation Board of Trustees is to ensure that the proposed Transaction furthers the organization's charitable mission. The Board's due diligence, which included in-person meetings with the SilverStone Board, revealed that as a non-profit, New Hampshire based organization, not only does SilverStone Living share a similar mission with that of Rannie Webster Foundation, but the two entities possess cultures that reflect their compatibility and shared values. The Affiliation Agreement manifests both parties' acknowledgement of their mutual goal of furthering their charitable missions through the Affiliation and in strengthening the ability of RWF to continue to offer high-quality long-term health care services for older adults in the Rye, New Hampshire area. *See Appendix 19*, Sections 1.1 and 1.2, respectively. The RWF Board also reviewed the Affiliation in the context of preserving the charitable and tax-exempt status of RWF while enhancing RWF's access to capital, and determined that this particular Affiliation, as compared to other paths to revenue enhancement such as a sale to a for-profit entity, would best serve the organization's charitable purposes.

2. Meeting Community Needs; Improving Access to Assisted Living, Memory Care, and Skilled Nursing Services in the Rye, New Hampshire Area. In determining that the proposed Transaction is in the best interest of Rannie Webster Foundation, the RWF Board also concluded that the Affiliation will be in the best interest of the communities that it serves. RWF traditionally has served individuals in the Seacoast area who rely upon Medicaid coverage, and the Affiliation will foster this by enhancing retention and recruitment of staff, thereby increasing revenue growth by which Webster at Rye can continue to serve the Medicaid population.

B. STEWARDSHIP OF CHARITABLE ASSETS

A primary fiduciary role of the RWF Board is to serve as good stewards of Rannie Webster Foundation's charitable assets. The RWF Trustees have fulfilled this role by negotiating provisions of the Affiliation Agreement that protect its charitable assets, and by ensuring that the RWF Board has the opportunity to evaluate and object to any decision of the SilverStone Board that reallocates any of RWF's assets. *Appendix 19*, Agreement, Section 2.7.5. Moreover, any of RWF's restricted or donor-based funds shall

remain with RWF and shall not be considered “available assets” subject to reallocation.
Id.

1. Dedication of Charitable Assets to Mission. As noted above, the Affiliation Agreement requires that the assets of RWF continue to be employed in the service of its mission.
2. Restricted Funds. RWF maintains restricted funds and donor-restricted funds. In negotiating the Affiliation Agreement, the RWF Board distinguished these “Permanently Restricted Funds” from any other assets of RWF that may be reallocated. Any post-Affiliation donations specific to RWF will be used solely for the support of the RWF communities. Appendix 19, Agreement, Section 2.7.4.
3. United States HUD Financing. In July 2020, RWF completed its refinancing with HUD, which resulted in an approximately \$50,000 reduction in annual mortgage payments and an annual reduction of \$69,372 in interest payments. The RWF Board intends to maintain the benefits of this HUD financing after the Affiliation is completed.
4. Real Property. RWF will retain title to its real property on which Webster at Rye’s facilities are located.

C. DUTY OF CARE: DUE DILIGENCE

1. Board Engagement in Evaluation of Affiliation. In fulfilling its fiduciary role, the Board of Trustees actively participated in evaluating the options available to the organization. The Board’s members vigorously contributed to and involved themselves with the analysis of the proposed Transaction and reviewed with counsel terms of the Affiliation Agreement and ancillary documents. After review of SilverStone’s responses to due diligence requests, consultation with RWF’s management team, and input from the public (*See*, discussion section C.2. *supra*), the RWF Board has determined that the Affiliation is in the best interest of Webster at Rye and the communities it serves including these communities’ on-going need for access to assisted living, skilled nursing, and memory care. Additionally, to assist it in fulfilling its fiduciary roles, the Rannie Webster Foundation Board of Trustees engaged and considered the advice of the following experts.

(a) *Keith Robertson, Zeigler Investment Banking.* Keith Robertson is a principal of Zeigler Investment Banking and has extensive experience in not-for-profit senior living communities. Mr. Zeigler consulted with RWF and RWHC concerning restructuring its financing and exploration of affiliation opportunities.

(b) *Aaron Becker, Lument Consulting.* Aaron Becker is a senior managing director and the head of seniors housing and healthcare at Lument, a consulting firm focused on seniors housing and healthcare finance. Mr. Becker advised RWF on the Transaction and its resulting financing opportunities for Webster at Rye.

(c) *Sheehan Phinney Bass & Green, P.A.; Andrew B. Eills, Esq.* Andrew Eills, a partner of Sheehan, Phinney Bass & Green, P.A. ("*Sheehan Phinney*"), has served as outside counsel to Rannie Webster Foundation on a variety of issues. Attorney Eills has practiced corporate and health care law for 34 years and focuses on governance, corporate and transactional matters for nonprofit and for-profit clients in the health care industry. Attorney Eills advised the Rannie Webster Foundation Board of Trustees regarding the legality of the Transaction, due diligence, charitable asset protection, fiduciary obligations of the Board, and compliance with regulatory processes. He also negotiated the Affiliation Agreement and all related governance documentation on behalf of Rannie Webster Foundation.

(d) *Montagne Powers; Scott Tranchemontagne, Partner, and Lisa Cramb, Vice-President.* Montagne Powers provides full-service strategic communications for a variety of clients in New England. Scott Tranchemontagne and Lisa Cramb were engaged to assist RWF and SilverStone with launching the public notices of the Affiliation and to conduct the Public Listening Session, as described, *supra*.

2. Notification and Input of Communities Served. As required by New Hampshire RSA 7:19-b(II)(g), Rannie Webster Foundation has communicated to the public the proposed Affiliation with SilverStone. Together with SilverStone, the parties issued a joint press release on September 26, 2022 notifying the public of their intent to affiliate and posted it on their respective websites. In addition, a notice of the Affiliation and invitation to a "Public Listening Session" ran for three consecutive days in the Portsmouth Herald. RWF's CEO, Thomas Argue, also personally delivered letters regarding the Affiliation to local officials in Rye prior to the Listening Session. Both Mr. Argue and Brian Newman, CEO of SilverStone, respectively, contacted residents of both

Webster at Rye and the Hunt Community and The Huntington at Nashua, as well as donors and community partners to notify them of the Listening Session .

The parties hired Montagne Communications to assist with the planning and publication of the September 29, 2022 Listening Session, held at Wentworth-By-the Sea. The session ran from 6 p.m. to approximately 7:20 p.m. Approximately 65 people attended the event, 42 via Zoom and the remainder in-person, for a discussion of the genesis, benefits, and terms of the Affiliation. Presenters included Thomas Argue, Brian Newman, RWF's Human Resources Director Todd Fernald, RWF Board Member Linda Toumpas, and SilverStone Board Member Robert Prunier. The information concerning the Affiliation is featured prominently on RWF's home page and the recording of the Listening Session has been posted and is available at <https://www.websteratrye.com/affiliation>. Set forth within Appendix 24 are the press release, internal and external communications delivered to stakeholders, details regarding targeted media for the Listening Session, and materials provided by Montagne Communications related to the Listening Session.

From many positive comments offered during the listening session a central theme emerged, and that was the importance of preserving RWF's culture - one of compassion, friendliness, and quality. Audience members asked how the proposed Affiliation would augment the current senior living environment that respects residents and staff alike. One audience member during the session noted that the Rye community, while supportive of the Affiliation and its purposes, would be leery of the change in identity of Webster at Rye. As a result, while the parties believe the draft Affiliation Agreement addressed the comments and concerns of the Rye community expressed during the Listening Session, in response the parties have revised the Agreement to memorialize that the trade name "Webster at Rye" will remain and will not be modified by SilverStone in future years.

3. Decision-Making Process. The Rannie Webster Foundation Board of Trustees exercised its fiduciary duty of due care in identifying and evaluating SilverStone Living as an affiliation partner, in negotiating the terms of the Affiliation Agreement, in exercising its best collective judgment, and in considering the advice of experts it engaged to assist the Board in connection with the proposed Transaction.

The RWF Board and RWF Executive Committee reviewed the prospects of an affiliation with SilverStone over several months after the concept of a formal relationship

was introduced. During the RWF Board's Executive Committee meetings held between January 20, 2022 and April 21, 2022, its members reviewed the challenges associated with maintaining the "status quo" of Webster at Rye. On January 20, the Executive Committee heard of the difficulties in staffing over 30 full-time positions and the impact this had on admissions in both assisted living and skilled nursing. During the March 17, 2022 meeting, the Executive Committee digested information received from Aaron Becker of Lument concerning the advantages of an affiliation with SilverStone, including potential improved cash flow as well as employee recruitment and retention. At its April 21, 2022 meeting, the Executive Committee determined that it should present the prospects of an affiliation with SilverStone to the full RWF Board. Appendix 25 provides the discussed RWF Board's Executive Committee meeting minutes.

On April 28, 2022, the RWF Board met and, amidst other business, discussed the proposed affiliation with SilverStone. Two of the seven RWF Board members desired to attain additional information about an affiliation and also desired to learn more about SilverStone's financial viability. The RWF Board met at its regular meeting on June 16 and, after discussion of the New Hampshire Charitable Trusts Unit's statutory process and required due diligence, voted unanimously to move "forward to perform the necessary due diligence with the goal of moving [RWF] toward a final decision to affiliate with SilverStone Senior Living." On June 21, RWF Board representatives met with the SilverStone Board on the campus of The Huntington. During its June 21 meeting later that day, Keith Robertson, of Zeigler Investment Banking, provided the RWF Board with a discussion of the benefits of affiliating with SilverStone and the impact an affiliation would have on RWF's ability to sustain its mission in the Seacoast region.

On July 28, the RWF Board met to review a proposed Affiliation Agreement and proposed ancillary documents consisting of a Management Services Agreement, Revolving Line of Credit Agreement, and Promissory Note. After extensive discussion, the RWF Board voted to accept the Affiliation Agreement but with certain clarifications which have been incorporated.

Throughout this process, the Trustees reviewed the elements of the transaction, voiced their opinions and concerns, and evaluated the pros and cons of an affiliation as well as the alternative of maintaining the status quo or engaging in a transaction with a for-profit entity, a prospect that the RWF Board deemed unlikely to further the charitable mission of RWF. Appendix 26 provides the discussed RWF Board of Trustees meeting minutes.

Following the Listening Session, the completion of due diligence, and negotiation of the final terms of the Affiliation Agreement, both the RWHC Board and the RWF Board met on October 27, 2022, to vote on the final Affiliation Agreement and ancillary documents. Following active deliberation and questioning, the RWHC Board of Trustees and the RWF Board of Trustees approved the Affiliation Agreement and authorized the filing of this Notice. Copies of each of the RWHC and RWF Boards October 27, 2022 meeting minutes are attached as Appendix 27.

4. Transaction Permitted by Law. As noted above, the Rannie Webster Foundation Board of Trustees engaged Sheehan Phinney to advise it about the legality of the proposed Transaction as contemplated by the terms of the Affiliation Agreement, among other matters. Sheehan Phinney has advised the Rannie Webster Foundation Board of Trustees that the proposed Transaction is permitted by applicable law, specifically New Hampshire RSA 292:7, subject to the receipt of regulatory approvals described in Section III(E)(2)(a) of this Notice. Given the compatibility of the parties' charitable missions and organizational structures, the proposed Transaction does not require approval from a New Hampshire probate court.

D. DUTY OF LOYALTY

The Rannie Webster Foundation Board of Trustees observed its duty of loyalty in considering and approving the Affiliation Agreement. No conflicts of interest were identified and the proposed Affiliation does not constitute a pecuniary benefit transaction. No Rannie Webster Foundation board members are directors or employees (or family members of directors or employees) of SilverStone.

V. TRUSTEE CERTIFICATION

Attached as Appendix 28 is the certification of the trustees of Rannie Webster Holding Corporation and Rannie Webster Foundation who voted on the Transaction affirming that the standards set forth in New Hampshire RSA 7:19-b(II) have been considered in good faith and met.

VI. STATEMENT OF SILVERSTONE BY HUNT

SilverStone by Hunt is an "acquirer" as that term is defined by New Hampshire RSA 7:19-b(I)(b) as a result of the proposed Affiliation. As required by New Hampshire

RSA 7:19-b(III), attached as Appendix 29 is a statement of SilverStone specifying the manner in which it proposes to continue to fulfill the charitable objects of Rannie Webster Foundation.

(Signature Page Follows)

Respectfully submitted by the duly-authorized representative of the undersigned
this 17TH day of November, 2022.

RANNIE WEBSTER HOLDING CORPORATION

By: *Damba Toumpas*
Treasurer, its duly authorized

RANNIE WEBSTER FOUNDATION

By: *Daniel Timmerman*
Chairman, its duly authorized

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