

FILED

DEC 13 2022

INSURANCE REGULATION
Docketed by: 095



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 300128-22-CO

Application for the Approval of the Simultaneous Acquisition of the Assets of THE ARLINGTON OF NAPLES, INC., and for the issuance of a Certificate of Authority to ARLINGTON OF NAPLES, LLC

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing by ARLINGTON OF NAPLES LLC ("APPLICANT"), with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") of an application for the approval of the simultaneous acquisition of the assets of THE ARLINGTON OF NAPLES, INC. ("ARLINGTON"), and for the issuance of a Certificate of Authority to operate a Continuing Care Retirement Community ("CCRC"), pursuant to Section 651.0245, Florida Statutes ("Application"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and the parties herein.
2. APPLICANT has applied for and, subject to the present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all of the conditions precedent to the granting of approval by the OFFICE for the acquisition of the assets of ARLINGTON and the issuance of a Certificate of Authority, pursuant to the requirements of the Florida Insurance Code.

3. ARLINGTON is an Illinois not-for-profit corporation that holds a subsisting Certificate of Authority issued by the OFFICE authorizing it to operate a CCRC ("the "Facility"), pursuant to Chapter 651, Florida Statutes.

4. APPLICANT is a Delaware limited liability company whose ownership structure is as disclosed in the Application but includes, among other entities, LCS ARLINGTON OF NAPLES JV LLC ("LCS ARLINGTON"), a Delaware limited liability company, LCS MANAGEMENT HOLDING COMPANY LLC ("LCSMHC"), a Delaware limited liability company, and REDWOOD HOLDINGS, LLC ("REDWOOD"), a Maryland limited liability company.

5. APPLICANT and ARLINGTON have agreed to an Asset Purchase Agreement, the terms of which are as disclosed in the Application ("Transaction").

6. If the OFFICE determines that any individual for whom APPLICANT is required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANT, LCS ARLINGTON, LCSMHC, and REDWOOD shall cause the removal of said person within 30 days of notice from the OFFICE and replace them with a person or persons acceptable to the OFFICE or shall undertake such other corrective action as directed by the OFFICE. Failure to act would constitute an immediate serious danger to the public and the OFFICE may take administrative action as it deems appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

7. Pursuant to Section 651.043, Florida Statutes, APPLICANT must submit changes in officers, directors, managers, and management contracts to the OFFICE within 10 business days of the change. APPLICANT acknowledges that the OFFICE may disapprove management changes as provided for in Section 651.043, Florida Statutes.

8. APPLICANT shall comply with the Plan of Operation and supporting documents submitted with its Application. APPLICANT acknowledges that written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation. Material deviations include, but are not limited to, offering continuing care contracts with refundability options or healthcare benefits that differ from the contracts submitted with the Application.

9. APPLICANT has filed a feasibility study with the Application upon which the OFFICE has relied. APPLICANT acknowledges that it may be required to submit an updated feasibility study in the event of an extraordinary or unusual change or material deviation from the feasibility study filed in the Application, in accordance with Rule 69O-193.030, Florida Administrative Code.

10. APPLICANT acknowledges that failure to keep current and fulfill the marketing or financial projections forecast in the feasibility studies submitted with the Application, or any supplemental feasibility study submitted to the OFFICE, whether new, amended, or updated, may represent a hazardous or injurious transaction, method, or practice pursuant to Rule 69O-193.033(5), Florida Administrative Code.

11. APPLICANT has submitted various escrow agreements with the Application. Upon execution of this Consent Order, the form of the submitted escrow agreements is hereby approved. APPLICANT shall ensure that its escrow agreements fully comply with Sections 651.033 and 651.035, Florida Statutes, as applicable, and shall obtain the prior written approval of the OFFICE before making any change to its escrow agreements or executing new escrow agreements. APPLICANT agrees that the OFFICE may require APPLICANT to deposit with the Department of Financial Services' Bureau of Collateral Management funds required to be escrowed upon the withdrawal of an approved escrow agent, or upon the inability of the OFFICE

to approve an escrow agreement with respect to APPLICANT, until such time that a new escrow agent or agreement is approved by the OFFICE.

12. APPLICANT has submitted advertising as part of the Application. Upon execution of this Consent Order, said advertising is approved. APPLICANT represents that it has read, understands, and acknowledges the requirements of Section 651.095, Florida Statutes, and Rules 690-193.038 through 690-193.043, Florida Administrative Code.

13. APPLICANT acknowledges that any financing shall not encumber the operating reserve account, the renewal and replacement reserve account, any entrance fee escrow account, any reservation deposit, or any wait list deposits.

14. APPLICANT acknowledges that its Certificate of Authority is not a fungible asset and cannot be transferred to another entity. APPLICANT acknowledges that a creditor may not be granted a security interest in a Certificate of Authority.

15. APPLICANT, LCS ARLINGTON, LCSMHC, and REDWOOD acknowledge the requirements of Section 651.051, Florida Statutes, and affirm that all of the records and assets of APPLICANT will be maintained or readily accessible in this state and that no records or assets of APPLICANT will be removed from this state unless the OFFICE consents in writing before such removal.

16. APPLICANT shall not offer continuing care contracts for sale in Florida until APPLICANT has filed its forms via the OFFICE's Insurance Regulatory Filing System ("IRFS") at <https://www.flair.com/portal>, and such filing has been approved in writing by the OFFICE, pursuant to Section 651.055, Florida Statutes.

17. APPLICANT acknowledges that contracts for continuing care and amendments thereto must conform to the requirements of Chapter 651, Florida Statutes, and be submitted to the OFFICE for approval prior to use pursuant to Section 651.055, Florida Statutes.

18. APPLICANT acknowledges that it may only terminate a continuing care contract for just cause, pursuant to Section 651.061(1), Florida Statutes. APPLICANT affirms that it shall not terminate a residency agreement due to a resident's inability to pay monthly maintenance fees until the entire unearned entrance fee, plus, when applicable, any Medicare benefits under Title XVIII of the Social Security Act, or third-party insurance benefits received, is earned by the Facility, pursuant to Section 651.061(2), Florida Statutes. APPLICANT affirms that for this purpose, the unearned portion shall be the difference between all amounts paid in by the resident and the cost of caring for the resident based upon the per capita cost to the Facility. APPLICANT acknowledges that should the entrance fee be exhausted within 90 days of the date of failure to pay, the Facility may not require the resident to leave before 90 days from the date of failure to pay, during which time the resident shall continue to pay the Facility a reduced fee based on their current income.

19. APPLICANT acknowledges that any entity that it contracts with for the provision of insurance coverage must first be authorized, made eligible, or registered with the OFFICE, unless otherwise approved in writing by the OFFICE.

20. Pursuant to Section 651.091(4), Florida Statutes, APPLICANT shall submit to the OFFICE via the Regulatory Electronic Filing System ("REFS") all disclosure documents prior to use, including the resident handbook.

21. Within 10 business days after the Transaction is completed, APPLICANT shall submit, or cause to be submitted, to the OFFICE all documentation evidencing completion of the

Transaction not previously provided to the OFFICE. APPLICANT shall notify the OFFICE within 3 business days of determining that the Transaction will not occur.

22. Within 10 business days from the date of closing of the Transaction, APPLICANT shall submit the following items to the OFFICE:

a. An endorsement form for approval by the OFFICE. The endorsement form should inform the residents of the assumption of their contract and clarify that APPLICANT is now the provider for the Facility. The endorsement should also state a phone number and address where residents can direct complaints. Upon approval, this endorsement should then be delivered by APPLICANT to each resident; and

b. Executed copies of the escrow agreements bearing APPLICANT's assigned Florida Company Code and bank account numbers, an updated Minimum Liquid Reserve Calculation form reflecting the execution of said escrow agreements, and evidence that the minimum liquid reserves have been fully funded.

23. APPLICANT shall timely submit reports and financial statements to the OFFICE via REFS. APPLICANT represents that its fiscal year end is December 31. As such, annually on or before May 1, APPLICANT shall submit to the OFFICE an annual report including audited financial statements pursuant to Section 651.026, Florida Statutes. APPLICANT shall also submit periodic financial statements to the OFFICE on a quarterly and, if required, monthly basis pursuant to Section 651.0261, Florida Statutes. Any quarterly statement due to be filed with the OFFICE is in addition to any monthly statement required for the same period. Quarterly statements are due on or before the 45th day following the period ending date. Monthly statements, if required, are due on or before the 25th day of the month following the period ending date.

24. APPLICANT shall submit monthly financial statements to the OFFICE for a period of 24 months beginning the first full month after the transaction closes, pursuant to Section 651.0261(3)(c), Florida Statutes. APPLICANT may request to discontinue filing on a monthly basis after 24 months, and the OFFICE will consider the request subject to the conditions of Section 651.0261(3), Florida Statutes.

25. Any material changes to the information submitted in the Application filing shall be reported to the OFFICE for its review prior to the closing date. APPLICANT, LCS ARLINGTON, LCSMHC, and REDWOOD acknowledge that if the OFFICE determines that any of these reported changes would have a material negative impact to the future financial condition or operation of the Facility, the OFFICE may rescind its approval as granted in this Consent Order by written notice to APPLICANT.

26. All parties to this Consent Order acknowledge that completion of the Transaction is subject to obtaining any other requisite regulatory or governmental approvals and that this Consent Order shall be deemed null and void if the Transaction is not completed within 60 days of the execution of this Consent Order. Accordingly, if APPLICANT fails to receive any other requisite approvals or the Transaction is not completed timely, the provisions of this Consent Order shall terminate automatically and have no effect.

27. APPLICANT, LCS ARLINGTON, LCSMHC, and REDWOOD affirm that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with this Application, including all attachments and supplements thereto, are true and correct and fully describe all transactions, agreements, ownership structures, understandings, and control with regard to the licensure and future operations of APPLICANT. APPLICANT, LCS ARLINGTON, LCSMHC, and REDWOOD further agree and affirm that said information,

explanations, representations, statements, and documents, including all attachments and supplements thereto, are material to the issuance of this Consent Order and have been relied upon by the OFFICE in its determination to enter into this Consent Order.

28. Any deadlines, reporting requirements, other provisions, or requirements set forth in this Consent Order may be altered or terminated by written approval of the OFFICE. Such approval must be requested in writing prior to any proposed deviation from the terms of this Consent Order.

29. APPLICANT, LCS ARLINGTON, LCSMHC, and REDWOOD affirm that all requirements set forth herein are material to the issuance of this Consent Order.

30. APPLICANT, ARLINGTON, LCS ARLINGTON, LCSMHC, and REDWOOD expressly waive a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which they may be entitled by law or rules of the OFFICE. APPLICANT, ARLINGTON, LCS ARLINGTON, LCSMHC, and REDWOOD hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order in any forum available to them, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

31. Each party to this action shall bear its own costs and fees.

32. APPLICANT, LCS ARLINGTON, LCSMHC, and REDWOOD agree that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions contained herein may result, without further proceedings, in the OFFICE suspending, revoking, or taking other administrative action as it deems appropriate upon APPLICANT's Certificate of Authority in this state in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

33. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the notarized signatures of the authorized representatives of APPLICANT, ARLINGTON, LCS ARLINGTON, LCSMHC, and REDWOOD.

WHEREFORE, subject to the terms and the conditions set forth above, the Application for the approval of the simultaneous acquisition of the assets of THE ARLINGTON OF NAPLES, INC., by ARLINGTON OF NAPLES LLC, and for the issuance of a Certificate of Authority to ARLINGTON OF NAPLES LLC, pursuant to Section 651.0245, Florida Statutes, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 13th day of December, 2022.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, THE ARLINGTON OF NAPLES, INC., consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind THE ARLINGTON OF NAPLES, INC., to the terms and conditions of this Consent Order.

THE ARLINGTON OF NAPLES, INC.

By:

M. Sloan Bentley

Print Name:

M. SLOAN BENTLEY

Title:

PRESIDENT AND CEO

Date:

12/07/22

[Corporate Seal]

STATE OF ILLINOIS

COUNTY OF COOK

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 7th day of December, 2022, by M. SLOAN BENTLEY

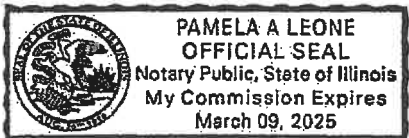
(name of person)

as PRESIDENT AND CEO

(type of authority; e.g., officer, trustee, attorney in fact)

for THE ARLINGTON OF NAPLES, INC.

(company name)



Pamela A. Leone

(Signature of the Notary)

PAMELA A. LEONE

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known x OR Produced Identification

Type of Identification Produced

My Commission Expires: March 9, 2025

By execution hereof, ARLINGTON OF NAPLES LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind ARLINGTON OF NAPLES LLC, to the terms and conditions of this Consent Order.

ARLINGTON OF NAPLES LLC

By: [Signature]

Print Name: Paul O. Nelson

Title: CEO

Date: 12/01/2022

[Corporate Seal]

STATE OF Fla

COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 8 day of December 2022, by Paul O. Nelson
(name of person)
as CEO for Arlington of Naples LLC
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

Tina Bagenstos
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: 5/3/2023



By execution hereof, LCS ARLINGTON OF NAPLES JV LLC consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind LCS ARLINGTON OF NAPLES JV LLC to the terms and conditions of this Consent Order.

LCS ARLINGTON OF NAPLES JV LLC

By: [Signature]

Print Name: Joul D Nelson

Title: CEO

Date: 12/8/2022

[Corporate Seal]

STATE OF Fla

COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 8 day of December 2022, by Joul D Nelson

(name of person)

as CEO for LCS Arlington of Naples JV LLC

(type of authority; e.g., officer, trustee, attorney in fact)

(company name)

[Signature]

(Signature of the Notary)

Tina Bagenstos

(Print, Type or Stamp Commissioned Notary)



Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 5/03/2023

By execution hereof, LCS MANAGEMENT HOLDING COMPANY, LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind LCS MANAGEMENT HOLDING COMPANY, LLC, to the terms and conditions of this Consent Order.

LCS MANAGEMENT HOLDING COMPANY, LLC

By: [Signature]

Print Name: Joel D. Nelson

Title: CEO

Date: 12/8/2022

[Corporate Seal]

STATE OF Iowa

COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 8 day of December 2022, by Joel D. Nelson

(name of person)

as CEO for LCS Management Holding Company, LLC

(type of authority; e.g., officer, trustee, attorney in fact)

(company name)

[Signature]

(Signature of the Notary)

Tina Bagenstos

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: 5/3/2023



By execution hereof, REDWOOD HOLDINGS, LLC, consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind REDWOOD HOLDINGS, LLC, to the terms and conditions of this Consent Order.

REDWOOD HOLDINGS, LLC

By: *David Watson*

[Corporate Seal]

Print Name: David Watson

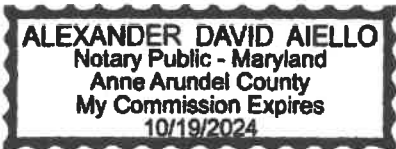
Title: President

Date: 12.9.2022

STATE OF Maryland

COUNTY OF Anne Arundel

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 9th day of December 2022, by David Watson
(name of person)
as President for Redwood Holdings, LLC
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



Alexander Aiello
(Signature of the Notary)

Alexander Aiello
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: 10/19/24

COPIES FURNISHED TO:

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