

TRANSITION AGREEMENT

This Transition Agreement (this “**Agreement**”) is made and entered into this 23rd day of March, 2022 (the “**Effective Date**”), by and among Tulare Local Healthcare District, a local health care district of the State of California (“**Transferee**”), and Evo Management Company, LLC, a California limited liability company (“**Transferor**”), each, a “**Party**” and collectively, the “**Parties**”.

RECITALS

A. As of the Effective Date, Transferor owns and operates the health and fitness business located in Tulare, California, heretofore known as Evolutions Fitness & Wellness Center (“**Evolutions**”). Transferee previously owned and operated Evolutions prior to declaring bankruptcy in September of 2017 (the “**Chapter 9 Proceedings**”).

B. Transferor’s ownership and operation of Evolutions is subject to the terms set forth in that certain Lease Agreement dated November 22, 2017 (the “**Lease**”) under which Transferor leased from Transferee a portion of that certain real property located at 1425 E Prosperity Ave., Tulare, CA 93274, commonly referred to a Evolutions Plaza.

C. Article 12 of the Lease sets forth the requirements for its termination and assignment of Evolutions back to Transferee including, without limitation, submission of a written notice of termination at least thirty (30) days prior to said transfer. The Parties hereby mutually agree that the termination of the Lease and transfer of Evolutions from Transferor to Transferee shall occur on the at 12:00 AM of April 1, 2022 (the “**Transition Date**”), subject to the terms and conditions herein contained.

D. Transferor shall release from employment the individuals then employed by Transferor, which release shall be effective no later than the Employee Transition Date (defined below), subject to the terms and conditions herein contained.

E. Transferor shall assign, transfer, convey and deliver to Transferee all personal property, whether tangible or intangible, including, without limitation, all equipment and supplies in its possession or under its control, wherever located, utilized in or related to its operation of Evolutions, which transfer shall be effective at the Transition Date, subject to the terms and conditions herein contained.

F. Transferor shall provide Transferee with certain financial management and administrative services in support of transitioning Evolutions’ operations from Transferor to Transferee as identified in this Agreement (each, a “**Service**”, and collectively, the “**Services**”, as more fully set forth in Article 5 below). Transferor and Transferee believe that Transferor’s provision of the services identified in this Agreement will enhance Evolutions’ ability to continue to provide high quality fitness services to the community served by Evolutions during the term of this Agreement.

G. It is the intent of the Parties to undertake the Transition in a manner commensurate with each Party's desire that Evolutions continue to operate for the benefit, health and wellbeing of the community.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Transferor and Transferee hereby agree as follows:

ARTICLE 1. EVOLUTIONS TRANSITION

1.1 General Covenants/Assurances. Upon the terms and subject to the conditions contained herein, at the Transition Date, Transferor shall convey, transfer, assign and deliver to Transferee, and Transferee shall acquire from Transferor, all right, title and interest of Transferor in and to all the business, properties, assets and rights, whether tangible or intangible, real, personal or mixed, owned, leased or held by Transferor that constitute, or are used in connection with or are related to Evolutions, as such assets shall exist on the Transition Date. It is the intent of the Parties that all assets, property, equipment, supplies, intellectual property and/or information related to Transferor's operation of Evolutions, whether bought, acquired, created or received by Transferor in conjunction with its operation and management of Evolutions from the period commencing with the effective date of the Lease through the Transition Date (the "**Management Period**"), or as a result of Transferee's transfer of Evolutions to Transferor in relation to the Chapter 9 Proceedings, be transferred, assigned, and conveyed to Transferee at the Transition Date.

1.2 Prorations in General. All prorations shall be computed as of the Transition Date, as follows:

(a) Assumed Contracts. The Parties shall prorate all payments payable by Transferor under all Assumed Contracts (defined below), including personal property taxes, assessments and other similar charges, for the calendar month during which the Transition Date occurs, as applicable.

(b) Utilities. All utility costs and expenses shall be prorated between the Parties within thirty (30) days after the Transition Date, based upon the latest available information, such that Transferor shall be responsible for all utility costs and expenses relating to the period up to and including the day prior to the Transition Date, and Transferee shall be responsible for all such costs and expenses relating to the period from and after the Transition Date.

(c) Other Prorations. To the extent not otherwise prorated pursuant to this Agreement, Transferee and Transferor shall prorate between them any periodic revenue or expense that is applicable to the time periods before and after the Transition Date.

(d) Post-Transition Corrections. If any errors or omissions are made regarding adjustments and prorations as aforesaid, the Parties shall make the appropriate corrections promptly upon the discovery thereof. If any estimations are used to prepare

the proration amounts used for the Transition Date, the Parties shall make the appropriate corrections promptly when accurate information becomes available. Any corrected adjustment or proration shall be paid in cash to the Party entitled thereto.

1.3 Transferee's Repayment of Members' Contributions. Transferee hereby acknowledges and agrees that, in accordance with Article 12 of the Lease, Transferee shall retain certain repayment obligations at and after the Transition Date arising from the initial contributions of the Members of Transferor, and Transferee does hereby covenant and agree to timely meet such obligations in accordance with said Lease and in consideration of the stated desires of said Members.

ARTICLE 2. INTELLECTUAL PROPERTY ASSIGNMENT

2.1 Assignment of Intellectual Property/Goodwill. Transferor hereby irrevocably assigns, transfers, and conveys to Transferee, effective at the Transition Date, all of its respective rights, title, interest, and goodwill in and related to the mark Evolutions Fitness & Wellness Center (the "**Mark**"), in whatever form, including, without limitation any fictitious name associated therewith and related Evolutions membership lists. Transferor acknowledges that, following such assignment, Transferee shall be the owner of all rights, title, interest, and goodwill in and to the Mark held by Transferor immediately prior to such assignment. Transferee will record the assignment as it deems necessary and at its sole expense.

2.2 Representations by Transferor. Transferor represents and warrants to Transferee that at the time of executing the above assignment, that: (i) Transferor is the owner of whatever goodwill it has in the Mark, if any; (ii) Transferor has not assigned or licensed any right, title, or interest in the Mark to any third-party; (iii) Transferor assigns, transfers, and conveys the Mark to Transferee free and clear of any liens, encumbrances, licenses, or, to Transferor's actual knowledge, claims of any nature, and have made no agreement with a third-party with respect to the Mark that is in conflict with the above assignment; (iv) the assignment of the Transferor shall not result in the breach of any federal or state law; and (v) that no consent of any third-party is required in connection with the transfer contemplated by said assignment.

2.3 Enforcement of Intellectual Property Rights. If necessary following the Transition Date, Transferor shall assist Transferee in every proper way to obtain, perfect, and record, and from time to time enforce, any intellectual property rights relating to the Mark.

ARTICLE 3. EMPLOYEE TRANSITION

3.1 Transferor's Covenants. Transferor hereby covenants and agrees to, no later than immediately prior to 24 hours prior to the Transition Date (i.e., 12:00 AM of March 31, 2022, referred to herein as the "**Employee Transition Date**"), release, terminate and/or accept the resignation of each and every of its employees, regardless of classification, and contractors (as the case may be) assigned to perform work at Evolutions (each a "**Released Worker**", and collectively, the "**Released Workers**") then employed by Transferor in the operation of Evolutions. Any employment claim, cause of action or complaint filed, brought, asserted or levied by any Released Worker based on a claim, loss, liability or act/inaction with respect to said Released Worker's employment at Evolutions accruing or occurring during the Management

Period (collectively, the “**Prior Claims**”) shall be solely the responsibility of Transferor. In addition to, and not to the exclusion of, all and any other indemnification rights conferred hereunder, to the extent only that such Prior Claims are caused by or are a result of the gross negligence, willful misconduct or unlawful act or inaction of Transferor or its members, managers, employees, agents or representatives, Transferor does and shall indemnify, defend and hold Transferee, its directors, employees and agents, harmless against and from the Prior Claims and any reasonable attorneys’ fees and court or administrative costs arising therefrom or in relation thereto.

3.2 Transferee’s Covenants. Transferor hereby acknowledges that Transferee, as a public entity subject to the Health and Safety Code and Government Code, among other statutory and legal requirements and regulations applicable to public agencies and special districts operating in California, is required to take certain acts and enact certain policies, and is likewise prohibited from taking certain acts or providing certain benefits (collectively, the “**Special District Restrictions**”), with respect to its employees, vendors, contractors and agents. Notwithstanding the foregoing, Transferee hereby covenants and agrees to provide, prior to the Employee Transition Date, an at-will job offer, subject to the Special District Restrictions, to each of the Released Workers for employment with Transferee that will take effect, if accepted by the Released Worker, at the point of Employee Transition Date (each, an “**Offer**”), subject to the following additional restrictions, reservations and conditions: (a) Transferee reserves the right, in its reasonable discretion, to modify, in whole or in part, the job duties in each Offer from those duties previously attributable to Released Workers, whether in writing or in application, including, without limitation, hours worked (including arrival and departure times), duties prescribed, and/or performance metrics applied; (b) Transferee reserves the right, in its reasonable discretion, to provide wages and benefits (collectively, “**Compensation**”) different from, in whole or in part, Compensation attributable to the Released Workers prior to the Employee Transition Date, including, without limitation, as relates to the hourly rate of pay, salary, vacation or paid sick leave accrual rates, and/or employee benefits generally; (c) Transferee reserves the right to set rules and workplace standards of conduct (collectively, the “**Policies**”) different from, in whole or in part, such Policies attributable to the Released Workers prior to the Employee Transition Date; and (d) the Offer will be contingent on each Released Worker agreeing to transfer his or her balance of vacation time and paid sick leave from Transferor to Transferee, as represented on the Released Workers’ final wage statement with Transferor. Any disputes as to any Released Worker’s vacation or sick time balances at the point of Employee Transition Date is deemed by the Parties to be a Prior Claim, including, without limitation, as relates to cell phone usage, internet usage, and/or anti-discrimination/harassment policies. Any employment claim, cause of action or complaint filed, brought, asserted or levied by any Released Worker based on a claim, loss, liability or act/inaction with respect to said Worker’s employment at Evolutions accruing or occurring at or after the Employee Transition Date (collectively, the “**New Claims**”) shall be solely the responsibility of Transferee, provided that such New Claims cannot exist if the Released Worker does not accept the Transferee’s offer of employment. In addition to, and not to the exclusion of, all and any other indemnification rights conferred hereunder, Transferee does and shall indemnify, defend and hold Transferor, its managers, members, employees and agents, harmless against and from the New Claims and any reasonable attorneys’ fees and court or administrative costs arising therefrom or in relation thereto.

3.3 Transfer of Released Worker Information. To the extent necessary to assist Transferee in its hiring and onboarding of the Released Workers, and conditioned on Transferee's written request, Transferor shall provide to Transferee such information and documents related to or gathered as a result of Transferor's employment of the Released Workers, provided that Transferor shall not be required to provide to Transferee any such information unrelated to a Released Worker's employment at Evolutions. Transferee shall hold such information as may be provided by Transferor in the strictest of confidence and use said information only for the purposes of onboarding the Released Workers. Transferor shall be obligated to maintain and hold within its possession information obtained in relation to its employment of the Released Workers' (i.e. personnel, payroll, or medical files) for the amount of time required by law following the Employee Transition Date. Employee-related files and information will not be transferred to Transferee in total.

3.4 Non-Accepting Released Workers. Transferor covenants and agrees to pay all accrued benefits with respect to any Released Worker, as may be required by law, who does not accept an Offer from Transferee by the Employee Transition Date, unless the Transferee agrees to allow said Released Worker to accept the Offer at a later date.

ARTICLE 4. TRANSFER OF ASSETS/ASSUMED CONTRACTS

4.1 Transfer. Subject to the terms and conditions set forth herein, at the Transition Date, Transferor shall assign, transfer, convey and deliver to Transferee, and Transferee shall accept from Transferor, all of Transferor's right, title and interest in and to the following assets of Evolutions (collectively, the "**Transferred Assets**"), free and clear of any mortgage, pledge, lien, charge, security interest, claim or other encumbrance (each, an "**Encumbrance**") except as otherwise noted herein:

(a) the equipment, including, without limitation, office, gym and electronic equipment (collectively, the "**Equipment**"), set forth on the attached Exhibit "A", which is incorporated into this Agreement by reference (the "**Bill of Sale**");

(b) all supplies and software used in the operation of Evolutions, and any components thereof related to the Business, to be determined at the Transition Date (the "**Supplies**", and with the Equipment, the "**Tangible Assets**");

(c) the contracts, agreements, binding arrangements or commitments, whether written or oral (each, a "**Contract**"), as set forth on the attached Exhibit "B", which is incorporated into this Agreement by reference (the "**Assumed Contracts**");

(d) all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained from governmental authorities and used by Evolutions, to the extent transferrable, as set forth on the attached Exhibit "C", which is incorporated into this Agreement by reference (collectively, the "**Permits**").

4.2 Personal Property Taxes. The Tulare County property tax year is from July 1 through June 30. To the extent already paid by Transferor, upon written request by Transferor within thirty (30) days of the end of said tax year, all personal property taxes related to the

Transferred Assets shall be prorated as of the Transition Date and Transferee shall reimburse Transferor for such taxes attributable from the Transition Date to the end of the tax year.

4.3 Assumption of Liabilities. With respect to the Transferred Assets, unless as otherwise stated herein, Transferee shall not assume or be responsible for any liabilities, debts or obligations of Transferor or any of its affiliates of any kind, whether known or unknown, contingent, matured or otherwise, whether currently existing or hereinafter created (collectively, the “**Excluded Liabilities**”), except for liabilities under any Assumed Contract solely to the extent arising out of events or occurrences occurring (or the basis of which arose) after the Transition Date, but not including any liability, debt or obligation for any default under any such Assumed Contract occurring at or prior to the Transition Date (the “**Assumed Liabilities**”). Transferor hereby covenants that it shall pay and satisfy in due course all Excluded Liabilities which they are obligated to pay and satisfy.

4.4 Marketable Title. Transferor will convey good and marketable title to the Transferred Assets. Unless otherwise stated herein, Transferor warrants that the Transferred Assets are free and clear of any and all restrictions on or conditions to sale, transfer, or assignment, and free and clear of any and all liabilities, liens, pledges, charges, encumbrances, equitable claims, pending or threatened litigation, and governmental investigation.

4.5 Warranties on Assets. Transferor warrants that the Transferred Assets are in good working condition, are merchantable, and fit for their obvious purpose. Transferor also warrants that no individual item of the Transferred Assets has been altered so as to void any warranty provided by the manufacturer of the Transferred Asset item. Transferor agrees to cooperate in assigning any and all warranties provided by a manufacturer of any Transferred Asset item to Transferee.

4.6 Warranty Disclaimer. Except as stated above in this Agreement, it is the intent of the Parties to provide in this Agreement an effective disclaimer of all express or implied warranties with respect to the Tangible Assets transferred hereunder. THE TANGIBLE ASSETS BEING TRANSFERRED UNDER THIS AGREEMENT, IF ANY, HAS BEEN USED BY PRIOR OWNERS AND IS BEING TRANSFERRED IN AN AS-IS CONDITION. TRANSFEROR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND CONNECTED WITH THE TANGIBLE ASSETS BEING TRANSFERRED HEREIN, EXCEPT AS EXPRESSLY SET FORTH IN WRITING. THERE IS NO WARRANTY OF MERCHANTABILITY NOR ANY WARRANTY THAT THE TANGIBLE ASSETS TRANSFERRED UNDER THIS AGREEMENT IS FIT FOR ANY PARTICULAR PURPOSE. THERE IS NO WARRANTY REGARDING THE PERFORMANCE OR PRODUCTIVITY OF THE TANGIBLE ASSETS . ANY MODIFICATIONS OF THIS AGREEMENT THAT RELATE IN ANY WAY TO A WARRANTY MUST BE IN WRITING AND SIGNED BY THE TRANSFEROR.

Transferee’s Initials

4.7 Assignment of Transferred Assets and Contracts.

(a) To the extent that Transferor's rights under any Transferred Assets or Assumed Contracts may not be assigned to Transferee without the consent of another person or entity which has not been obtained prior to the Transition Date, and if an attempted assignment would constitute a breach thereof or be unlawful, this Agreement shall not constitute an agreement to automatically assign the same, and Transferor shall, at its expense, use its best efforts to obtain any such required consent as promptly as possible. If any such consent shall not be obtained prior to the Transition Date, Transferor, to the maximum extent permitted by law, shall act after the Transition Date as Transferee's agent in order to obtain for it the benefits thereunder and shall cooperate with Transferee in any other reasonable arrangement designed to provide such benefits to Transferee.

(b) To the extent the Parties determine after the Transition Date that any of the Transferred Assets or Assumed Contracts were not held by a Transferor, then Transferor and its affiliates shall cause the owner of such assets to transfer or assign such assets to Transferee without additional consideration and, upon request, to execute an instrument of transfer evidencing such transfer.

ARTICLE 5. SERVICES TO BE PROVIDED BY TRANSFEROR

5.1 Term. With respect to the Services only, unless mutually extended by a writing signed by the Parties, this Agreement shall continue for a period of one (1) year from the Effective Date (i.e., expiring March 23, 2023), or until all Services provided under this Agreement have ended, whichever is sooner (the "**Services Term**"). All other acts contemplated hereby shall occur as of the Transition Date.

5.2 Shorter Service Times. Notwithstanding the length of the Services Term, Transferor shall have no further obligation to continue to provide any Service set forth in this Agreement where, by its nature, the Service has been completed. Either Party may terminate any such Service with at least thirty (30) calendar days' prior written notice that said Service is no longer needed.

5.3 Financial Management. Transferor will provide Transferee with certain financial management Services related to carryover accounting, financial reporting, accounts payable, and banking and financial reconciliation (including with respect to taxes), as set forth below, all of which shall be provided in consultation and with consent of Transferee.

(a) Financial Recordkeeping. Transferor will perform accounting Services for, and close the financial ledgers for, each of the months from the commencement of the Lease until the end of this Service (some of which may have already been provided prior to the Effective Date). Transferor will provide financial statements for each of the months from the commencement of the Lease until the end of this Service (some of which also may have been previously provided prior to the Effective Date). Transferee and Transferor will use their best efforts to cooperate in closing the financial ledgers for each such month. In doing so, Transferor shall use accounting practices substantially consistent with those employed by similar fitness enterprises, and with Transferee's accounting practices to the extent identified by Transferee; provided however that

Transferor shall not be obligated to strictly adhere to Generally Accepted Accounting Practices or any other accounting standards not required by law.

(b) Accounts Payable. Transferor and Transferee will use their best efforts to cooperate in transitioning the accounts payable records of Evolutions created during the Management Period.

(i) Transferee shall be solely responsible for setting up and managing its financial institution account(s) for paying third parties, and shall notify Transferor in writing of the accounts it chooses to use for accounts payable, including the financial institution(s), account numbers, and any changes to such accounts.

(ii) Transferee may designate one or more of Transferor's owners on such accounts used for paying third parties as signatories on such accounts, or otherwise authorize them to send payments from such accounts. Solely upon Transferee's prior express approval and direction, Transferor will direct that payments be made from such accounts to third party payees of Transferee.

(iii) For accounts payable for goods or services provided prior to the Transition Date, Transferor will make payments on those accounts payable from Transferor's _____[BANK] account #_____, which shall be funded by Transferee, unless otherwise directed in writing by Transferee. For accounts payable for goods or services provided to Evolutions after the Transition Date, unless Transferee expressly directs Transferor to do so for a particular payment, Transferor will not use financial institution accounts associated with its tax identification number (including, but not limited to the aforementioned bank account) for such payments.

(iv) Transferor will periodically import financial data files into Transferee's accounting software, as necessary. Transferor will use commercially reasonable efforts to manage its financial data and related accounts receivable data, accounts payable data, Transferor's fixed asset data, and Transferor's general ledger (collectively, "**Transferor Financial Data**"), in order to transfer and incorporate the Transferor Financial Data from Transferor's accounting software into Transferee's accounting software. The Parties will cooperate in good faith in: populating the database template(s) for Transferee's new accounting books, addressing the differences in data formats and template(s) between their respective financial database and accounting software, cleaning up and managing Transferor Financial Data to match Transferee's template(s), and accurately transferring Transferor Financial Data into Transferee's new accounting database(s).

(c) Banking & Financial Reconciliation. Transferor will use its best efforts to cooperate in transitioning the banking and financial processes for Evolutions, including, but not limited to, sending wire transfer payments or automated clearing house transfer

payments from Transferor's accounts to Transferee's accounts for accounts receivable dated during the Lease.

(i) Transferee shall be responsible for setting up and managing its financial institution account(s) for receiving funds, and shall notify Transferor in writing of the accounts it chooses to use for accounts receivable, including any changes to such accounts.

(ii) Transferee hereby appoints Transferor as its agent for purposes of billing and collecting Transferee's accounts receivable as provided for herein and Transferor hereby agrees to execute any and all documents reasonably necessary to memorialize such appointments. Transferee further appoints Transferor to be its true and lawful attorney-in-fact during the term of this Agreement for purposes of (i) billing and collecting in the name of Transferee, and (ii) receiving, taking possession of and endorsing in the name of Transferee any notes, checks, money orders, and other instruments received in payment of accounts receivable of Transferee.

5.4 Assumed Contracts. For each Assumed Contract, Transferor shall use commercially reasonable efforts to notify or seek the consent of the counterparty to the contract, as applicable, cooperate with Transferee in negotiating any such Assumed Contract with the counterparty if required, and if necessary. During the period from the Transition Date until such Assumed Contract has been so transitioned and assigned to Transferee, Transferor agrees to treat Transferee as a third-party beneficiary under such Assumed Contracts and ensure Transferee receives the benefit and rights of any such Assumed Contracts.

5.5 Transferor Services. Transferee will reimburse Transferor for all actual and reasonable costs Transferor incurs in providing the Services set forth in this Article 5. For any amount of reimbursable costs and expenses (i) due to a third party, Transferee will pay to Transferor the entire amount thereof within ten (10) business days after receipt of an invoice or similar document therefor; (ii) due to or in respect of Transferor's employees, staff, Transferee will pay to Transferor the entire amount within ten (10) business days. Transferor will provide to Transferee (i) all invoices and the like received from third Party providers promptly upon receipt and (ii) invoices and the like (together with reasonable supporting documentation) for all other reimbursable costs and expenses.

5.6 No Advance of Funds/Adverse Consequences. For the period following the Transition Date, Transferee acknowledges that Transferor is not required to use Transferor's funds to pay any third party vendor any amount owed thereto for amounts coming due after the Transition Date. Transferee further acknowledges that, if not timely paid, a third party vendor may terminate its contract(s) with Transferor and/or exercise all applicable rights and remedies thereunder, including charging termination fees, liquidated damages, and/or other amounts to Transferor, refusing to provide services thereunder to Transferor and/or take other actions which could result in adverse consequences to Transferor (collectively, "**Adverse Consequences**"). For any third party vendor, Transferee and Transferor agree that, as between Transferee and Transferor, all Adverse Consequences shall be for Transferee's account and Transferor shall have no responsibility or liability for any Adverse Consequences, so long as the Adverse

Consequences were not caused by Transferor's prior breach of the Lease, the terms of a particular vendor contract, or this Agreement.

5.7 Transitional Nature; Orderly Transfer. The Parties acknowledge and agree that the Services to be provided hereunder are transitional in nature and are intended to provide Transferee sufficient time to develop the internal resources and capacities (or to arrange for third party providers) for such Services. Each of the Parties shall use commercially reasonable efforts to (i) assist and cooperate with each other in the orderly transfer of the provision of Services from Transferor to Transferee, to Transferee's affiliates, or to its substitute Service providers, and (ii) make available, or cause to be made available, the documentation, personnel and know-how reasonably needed to facilitate such orderly transfer.

5.8 Use of the Services. Transferor covenants and agrees that it will not resell, transfer or assign any of the Services without Transferee's prior written consent.

5.9 Warranty. Transferor warrants that it shall provide the Services in a manner substantially consistent with the historical practice of Transferor in providing such Services to Evolutions prior to the Transition Date.

ARTICLE 6. LIMITATION ON DAMAGES/CONTINUED EXISTENCE

6.1 Liability Limitation. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES, WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR OTHERWISE (EXCEPT AS TO ARTICLE 10 BELOW), FOR CONSEQUENTIAL, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES, WHICH IN ANY WAY ARISE OUT OF, RELATE TO, OR ARE A CONSEQUENCE OF, THIS AGREEMENT, INCLUDING LOSS OF PROFITS, BUSINESS INTERRUPTIONS OR CLAIMS OF CUSTOMERS OF THE OTHER PARTY, AS APPLICABLE; PROVIDED, HOWEVER, THAT THE LIMITATION ON DAMAGES SET FORTH HEREIN SHALL NOT APPLY TO ANY CLAIMS ARISING OUT OF THE COMMISSION BY A PARTY OR ITS OR THEIR EMPLOYEES, AGENTS OR THIRD PARTY PROVIDERS OF A FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE. At Transferee's written request and sole cost and expense, Transferor will pursue for the benefit of Transferee any rights or remedies that Transferor may have against a third party provider.

6.2 Continuation of Existence. Transferor warrants and represents that it will continue as a California limited liability company in good standing during the Services Term of this Agreement.

ARTICLE 7. COMPLIANCE WITH LAWS AND REGULATIONS; THIRD-PARTY CONSENTS

7.1 Notices. Subject to the other Party's compliance with this Agreement, Transferor shall (i) give all notices and, use its reasonable efforts to obtain or maintain, as applicable, all licenses and authorizations required by applicable law to operate Evolutions, provided that such licenses and authorizations shall be in the name of Transferee, and (ii) comply with all applicable laws and regulations of any governmental body governing the Services to be provided hereunder.

7.2 Violations of Law. If the performance of any covenant or provision of any Service pursuant to this Agreement results in any Party receiving notice that it is in violation of an applicable law or regulation by a governmental body, the Parties will mutually cooperate to seek to provide and benefit from the Service in a way that is not in violation of such law or regulation. Failing such efforts to bring the provision of such Service into conformity with such law(s) or regulation(s), either Party may cancel such Service upon written notice to the other Party.

7.3 Third-Party Consents. Transferor's obligation to perform any covenant or provide any Service is conditioned upon Transferor obtaining the consent, where necessary, of any relevant third party vendor; provided, however, that if such consent cannot be obtained, the Parties shall cooperate to seek to arrange for alternative methods of such Service being provided to Transferee. Failing Transferor's efforts to so perform or to bring the provision of such Service into conformity with any such obligations to a third Party vendor, Transferee may cancel such Service upon written notice to Transferor.

ARTICLE 8. COOPERATION

8.1 Cooperation. Transferor, as applicable, shall make available on a timely basis to the other Transferee, at such Transferee's cost, all information and materials reasonably requested by such Party to enable it to perform its obligations pursuant to this Agreement; provided, however, that Transferor shall not be required to make available any information the disclosure of which, in Transferor's reasonable opinion, could jeopardize an attorney-client privilege, attorney work product privilege, or related privileges, or that might violate any applicable law or regulation.

8.2 Independent Contractor. The relationship of Transferor to Transferee pursuant to this Agreement is that of an independent contractor. This Agreement is not intended to create and shall not be construed as creating between Transferor, on the one hand, and Transferee, on the other hand, any relationship other than as an independent contractor and purchaser of contract services, it being specifically agreed that there is no relationship between the Parties of principal and agent, joint venture, partnership, joint employer, or similar relationship, or any relationship that imposes or implies any fiduciary duty, including any duty of care or duty of loyalty.

8.3 No Shared Employees. The employees, consultants and representatives of Transferor and Transferee, respectively, shall not be deemed, for purposes of any compensation and employee benefits matter (including, without limitation, withholding taxes, worker's compensation insurance, social security contributions or other applicable taxes, health insurance, bonuses, severance payments, 401(k) benefits or similar costs or benefits related to their employment or retention), to be employees, consultants or representatives of the other Party solely on account of such Party receiving services from the other Party.

ARTICLE 9. CONFIDENTIALITY

9.1 Confidentiality Obligations. Each Party shall keep confidential, and not disclose to any other person or use for its own benefit or the benefit of any other person, any confidential

or proprietary information obtained from the other Party in connection with this Agreement; provided however, that Transferee may disclose confidential or proprietary information to any affiliate, agent or representative thereof. The obligation of the Parties under this paragraph shall not apply to information which: (a) is or becomes generally available to the public without breach of the commitment provided for in this paragraph, or (b) is required to be disclosed by law or regulation (e.g., pursuant to public records requests to Transferee or under the Brown Act); provided, however, that in any such case, the disclosing Party shall notify the other Party as early as reasonably practicable prior to disclosure to allow such other Party to take appropriate measures to preserve the confidentiality of such information. The provisions of this paragraph will survive the termination or expiration of this Agreement.

ARTICLE 10. INDEMNIFICATION

10.1 Indemnification of Transferor. Transferee hereby agrees to indemnify and hold harmless Transferor and its respective officers, board members, managers, employees, professional advisors, agents, and representatives (collectively, the “**Transferor Indemnitees**”) from and against any and all claims, losses, damages, liabilities, deficiencies, costs or expenses, including reasonable attorneys’ fees and expenses and costs and expenses of investigation (each, a “**Loss**”, and collectively, the “**Losses**”) that result directly from third party claims, actions or proceedings, arising out of or resulting from (a) any breach or violation by Transferee of any representation or warranty or any covenant, obligation or other term set forth in this Agreement; (b) the death, bodily injury or damage to property that occurs in connection with the transactions and/or arrangements contemplated by this Agreement (including the Exhibits hereto) to the extent that such death, injury or damage is caused in whole or in part by the acts, errors, omissions or negligence of Transferee or any of its employees, agents or subcontractors; (c) criminal act, fraud, willful misconduct or gross negligence of Transferee or any of its affiliates or its or their employees, agents or third Party subcontractors; and except to the extent such Losses are other indemnifiable by Transferor in accordance with this Agreement or (e) any Adverse Consequences.

10.2 Indemnification of Transferee. Transferor hereby agrees to indemnify, defend and hold harmless Transferee, its affiliates and their officers, directors, managers, employees, professional advisors, agents, and representatives (collectively, the “**Transferee Indemnitees**”) from and against any and all Losses arising out of or resulting from (a) any breach or violation of by Transferor of any representation or warranty or any covenant, obligation or other term set forth in this Agreement; (b) the death, bodily injury or damage to property that occurs in connection with the transactions and/or arrangements contemplated by this Agreement to the extent that such injury or damage is caused in whole or in part by the acts, errors, omissions or negligence of Transferor, or any of its or their employees, agents or subcontractors; (c) criminal act, fraud, willful misconduct, or gross negligence of Transferor or its employees, agents, or third party subcontractors; or (d) Transferor’s provision of any Services hereunder, but only to the extent only that such Losses are caused by or are a result of the gross negligence, willful misconduct or unlawful act or inaction of Transferor or its members, managers, employees, agents or representatives, and except to the extent such Losses are indemnifiable by Transferee hereunder.

10.3 Mitigation. Each Party agrees to use commercially reasonable efforts to mitigate any Loss which forms the basis of a claim for indemnification hereunder.

10.4 Exclusive Remedy. The Parties agree that, from and after the Transition Date with respect to any breach, inaccuracy or violation of any representation or warranty or any covenant, obligation or other term set forth in this Agreement, the only relief available to a Party indemnified therefor shall be (a) as provided for in this Article 10 and Article 12 below, (b) specific performance, or (c) injunctive relief or declaratory relief. Notwithstanding the foregoing, in respect of any crime, fraud, intentional misrepresentation or willful breach of this Agreement, the aggrieved Party(ies) shall have the right to pursue all remedies available to it (them) at law or in equity.

ARTICLE 11. FORCE MAJEURE

11.1 Conditions of Force Majeure. Neither Party shall be liable to the other Party for any loss, cost or damage for delay or non-performance of any of its obligations hereunder resulting from any requirement or intervention of civil, naval or military authorities or other agencies of the government, or by reason of any other causes whatsoever not reasonably within the control of such Party, including, but not limited to, acts of God, war, riot, insurrection, civil violence or disobedience, blockages, embargoes, sabotage, epidemics, fire, strikes, lock-outs or other industrial or labor disturbances, lightning, hurricanes, other severe weather disturbances, explosions, failure of the public financial or public payment system(s), or delay of any broadband, data or similar essential carriers.

ARTICLE 12. DISPUTE RESOLUTION

12.1 Dispute Resolution. Except as otherwise provided in this Agreement, any dispute, claim or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate (collectively, a “**Dispute**”) shall be settled in accordance with the procedures set forth in this Article 12. Notwithstanding anything that may be construed to the contrary herein, each of the Parties expressly acknowledges that (i) it has an affirmative duty to expedite the process and procedures described below to the extent reasonably practical in order to facilitate a prompt resolution of any Dispute and (ii) each Party has a mission of serving their communities, and all communications and proposed resolutions of the Dispute shall take these missions into consideration.

12.3 Dispute Notice. Notice by either Party of the existence of a Dispute shall (i) be delivered in writing, (ii) specify what provision of the Agreement such Party believes is under Dispute and (iii) recommend a course of action to resolve the Dispute (the “**Dispute Notice**”).

12.4 Meet and Confer. If, within fifteen (15) days after receipt by the applicable Party of a Dispute Notice, the Parties do not resolve such dispute, then the Dispute shall be referred to the designated senior executives with authority to resolve the Dispute from each Party for further negotiation (the “**Meet and Confer**”). The obligation to conduct a Meet and Confer pursuant to this Section 12.4 does not obligate any Party to agree to any compromise or resolution of the Dispute that such Party does not determine, in its sole and absolute discretion, to be a satisfactory

resolution of the Dispute. The Meet and Confer shall be considered a settlement negotiation for the purpose of all applicable laws protecting statements, disclosures, or conduct in such context, and any offer in compromise or other statements or conduct made at or in connection with any Meet and Confer shall be protected under such laws, including California Evidence Code Section 1152.

12.5 Arbitration. If any Dispute is not resolved to the mutual satisfaction of the Parties within thirty (30) days after delivery of the Dispute Notice (or such other period as may be mutually agreed upon by the Parties in writing), the Dispute shall be determined by arbitration in F County, California. The arbitration shall be administered by Judicial Arbitration and Mediation Services, Inc. (JAMS) pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction.

12.6 Attorneys' Fees and Costs. The arbitrator(s) in Section 12.5 shall award to the prevailing Party, if any, the costs and attorneys' fees reasonably incurred by the prevailing Party in connection with the arbitration. In addition, the prevailing Party shall be entitled to its reasonable attorneys' fees and other costs for any other action, including court proceedings for provisional measures or for the enforcement of any arbitral award.

ARTICLE 13. MISCELLANEOUS

13.1 Entire Agreement; No Third-Party Beneficiaries. This Agreement, together with the Lease and any ancillary agreements, constitutes the entire agreement and supersedes any and all other prior agreements, negotiations, or undertakings, both written and oral, among the Parties hereto, or any of them, with respect to the subject matter hereof and do not, and are not intended to, confer upon any person any rights whatsoever, other than the Parties hereto and the Transferee Indemnitees and the Transferor Indemnities entitled to indemnification pursuant to hereto.

13.2 Amendment; Waiver. This Agreement may be amended only in a writing signed by each of the Parties hereto. Any waiver of rights hereunder must be set forth in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive any Party's rights at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

13.3 Severability. If any term or provision of this Agreement shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, shall not be affected thereby and this Agreement shall be deemed severable and shall be enforced otherwise to the full extent permitted by applicable law; provided, however, that such enforcement does not deprive any Party of the benefit of the bargain.

13.4 Binding Effect; Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective legal representatives and successors. Notwithstanding the foregoing, this Agreement shall not be assigned by any Party hereto by

operation of law or otherwise without the express written consent of each of the other Parties hereto.

13.5 Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of California without regard to the conflicts of laws provisions thereof.

13.6 Construction. The headings of Articles and Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

13.7 Counterparts. This Agreement may be executed simultaneously in one or more counterparts (including by facsimile or electronic .pdf submission), and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which shall constitute one and the same agreement.

13.8 Conflict with Lease. In the event of any conflict between this Agreement (including the Exhibits hereto), on the one hand, and the Lease (including the Exhibits and Schedules thereto), on the other, the applicable provision of this Agreement shall control and govern.

13.9 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile or email, upon written confirmation of receipt by facsimile, e-mail or otherwise, (b) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized next day courier or (c) on the earlier of confirmed receipt or the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

(a) If to Transferee:

Tulare Local Healthcare District
869 N. Cherry Ave.
Tulare, CA 93274
Attention: Philip Smith, CEO

With a copy to:

McCormick Barstow, LLP
7647 North Fresno Street P.O. Box 28912
Fresno, California 93729
Attention: Jason O. Howard, Esq.

(b) If to Transferor:

Evo Management Company, LLC
791 N Cherry Street
Tulare, California 93274
Attention: Manager

13.10 Authority To Bind. Each Party, and each individual executing this Agreement on behalf of a business entity warrants that (1) the company executing this Agreement has obtained all corporate authorizations and approvals necessary to enter into this Assignment, (2) this Agreement is a binding and legal obligation of the company involved, and (3) the person executing this agreement on behalf of each company is fully authorized to execute and deliver this agreement on behalf of the company for whom he is executing this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties execute this Transition Date Agreement as of the Effective Date.

TRANSFeree

TULARE LOCAL HEALTHCARE DISTRICT,
a local health care district of the State of California

By: _____
Its _____
Date: _____

TRANSFEROR

EVO MANAGEMENT, LLC, a California limited
liability company

By: _____
Its _____
Date: _____

[Signature Page to Transition Agreement]

EXHIBIT “A”
BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

This BILL OF SALE has been executed by Evo Management Company, LLC, a California limited liability company (“Transferor”).

Transferor, for valuable consideration provided by Tulare Local Healthcare District, a local health care district of the State of California (“Transferee”), the receipt of which is hereby acknowledged, does by this Bill of Sale grant, convey, assign, and sell unto Transferee and the successors and assigns of Transferee, all of Transferor’s right, title and interest in and to all of the following assets (“Transferred Assets”) of Transferor for the health and fitness business, known as “Evolutions Fitness & Wellness Center” (“Evolutions”), located at 1425 E Prosperity Avenue, County of Tulare, State of California:

1. Gym-related supplies and related components, including, without limitation, office supplies; and,
2. Equipment, as shown on the “Equipment List” below, which is incorporated herein by reference, and tenant improvements for the restaurant.

Transferee is to have and to hold, all and singular, the Transferred Assets for Transferee’s own use and the use of the successors and assigns of Transferee forever.

Transferor represents and warrants that Transferor is the owner of each and all of the Transferred Assets free and clear of any and all liens, encumbrances and indebtedness or charges of any kind or character whatsoever, except as has been disclosed to Transferee in writing prior to the closing of this transaction.

Transferor will defend the title granted by this Bill of Sale against any and all claims and demands of all persons and protect, indemnify, defend, and hold Transferee and the successors and assigns of Transferee harmless from and against any and all claims, demands, proceedings, causes of action, damages, liabilities, losses and expenses, including, without limitation, attorneys’ and consultants’ fees and expenses, incurred in defending the title granted by this Bill of Sale, except with respect to those liabilities or claims expressly disclosed by Transferor in writing or assumed by Transferee in writing.

This Bill of Sale is conditioned on the anticipated purchase transaction closing and the original of this Bill of Sale being delivered to Transferee pursuant to the terms of that certain Transition Date Agreement dated March 23, 2022, which was entered into by Transferor and Transferee.

[Signature page follows]

IN WITNESS WHEREOF, the Transferor executes this Bill of Sale, effective immediately upon execution:

TRANSFEROR

EVO MANAGEMENT, LLC, a California limited liability company

By: _____
Its _____
Date: _____

EQUIPMENT LIST FOR EVOLUTIONS
(located at 1425 E Prosperity Ave., Tulare, CA 93274)

1. Treadmills
2. Elliptical Machines
3. ARC Trainers
4. Step Mills
5. Nu Steps
6. Upright Stationary Bikes
7. Recumbent Stationary Bikes
8. AMTs
9. Upper Body Ergometers
10. Rowing Machines
11. Sit Up Machines
12. Cable Machines
13. Selectorized Weight Equipment
14. Spin Bikes
15. Boxing Bags
16. Stretch Machines
17. Chin Dip
18. Free Weight Machines
19. TVs
20. Cardio Theater
21. Various items of small fitness equipment, including, but not limited to: benches, dumbbells, bars, bosu balls, stability balls, weight plates, racks, weight trees, mats, steps, balls, brands, barbells, etc.
22. Various items of office equipment, including, but not limited to: tables, chairs, desks, computes, phones, copy machines, office supplies, etc.

EXHIBIT "B"
ASSUMED CONTRACTS
[vendor list to be attached]

EXHIBIT "C"
PERMITS