14-050

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

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SEP 30 2014

HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Presence Our Lady of the Resurrection Medical Center		
Street Address: 5645 West Addison Street		
City and Zip Code: Chicago, Illinois 60634		
County: Cook	Health Service Area: 006	Health Planning Area: A-01

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Community First Healthcare of Illinois, Inc.
Address: c/o Foley & Lardner LLP, 321 North Clark Street, Suite 2800, Chicago, Illinois 60654
Name of Registered Agent: Edward J. Green, Esq.
Name of Chief Executive Officer: William Brownlow
CEO Address: 408 Wildwood Drive, New Lenox, Illinois 60451
Telephone Number: (815) 922-6812

Type of Ownership of Applicant/Co-Applicant

☐	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☒	Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive all correspondence or inquiries during the review period]

Name: Edward J. Green, Esq.
Title: Attorney
Company Name: Foley & Lardner LLP
Address: 321 North Clark Street, Suite 2800, Chicago, Illinois 60654
Telephone Number: (312) 832-4375
E-mail Address: egreen@foley.com
Fax Number: (312) 832-4700

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: Jeannie Frey, Esq.
Title: Chief Legal Officer and General Counsel
Company Name: Presence Health
Address: 200 South Wacker Drive, Chicago, Illinois 60606
Telephone Number: 312-308-3291
E-mail Address: jfrey@presencehealth.org
Fax Number:

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name: Dennis Fitzmaurice
Title: Chief Operating Officer
Company Name: Community First Healthcare of Illinois, Inc.
Address: 5645 West Addison Street, Chicago, Illinois 60634
Telephone Number: (773) 794-7687
E-mail Address: dfitz0103@gmail.com
Fax Number: (773) 527-5900

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Presence Our Lady of the Resurrection Medical Center (currently); Community First Healthcare of Illinois, Inc. (post-transaction)
Address of Site Owner: 5645 West Addison Street, Chicago, Illinois 60634
Street Address or Legal Description of Site: 5645 West Addison Street, Chicago, Illinois 60634 **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Community First Healthcare of Illinois, Inc.
Address: 5645 West Addison Street, Chicago, Illinois 60634

☐	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☒	Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.
APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 **(http://www.hfsrb.illinois.gov)**. **[NOT APPLICABLE]**

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act. **[NOT APPLICABLE]**

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

☒ Non-substantive

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Community First Healthcare of Illinois, Inc., an Illinois benefit corporation ("Community First" or the "Purchaser"), hereby seeks a Certificate of Need ("CON") from the Illinois Health Facilities and Services Review Board (the "Review Board") to allow consummation of a proposed transaction (the "Transaction") between Community First and Presence Our Lady of the Resurrection Medical Center, an Illinois not-for-profit corporation ("POLR"), and Presence Health Network, an Illinois not-for-profit corporation ("Presence Health," and collectively with POLR, the "Sellers"), whereby Community First would acquire (the "Project") Our Lady of Resurrection Medical Center (the "Hospital") from the Sellers pursuant to that certain Asset Purchase Agreement (the "Asset Purchase Agreement"), a copy of which is attached at Attachment 19, for Ten Million Dollars ($10,000,000) in cash, cash equivalents and/or the retention of designated accounts receivable, as well as a capital commitment by Community First to fund and expend no less than Twenty Million Dollars ($20,000,000) for the benefit of the Hospital during the five years following the closing of the Transaction.

The Transaction contemplates a 100% change in the ownership of the Hospital, a 299 licensed bed general acute care hospital located at 5645 West Addison Street, Chicago, Illinois, 60634. The Hospital generates approximately $110 million of annual revenue and has served the northwest side of Chicago for over 50 years. The Hospital has experienced financial challenges over the past three years and has incurred operating losses since 2003.

Community First was organized on June 25, 2014, pursuant to the Illinois Benefit Corporation Act, 805 ILCS 40, et seq., for the specific purpose of improving human health and the express purpose of acquiring the Hospital. By organizing Community First as a benefit corporation, Community First believes that it will be better able to maintain services at the Hospital, preserve jobs, and focus on the healthcare needs of the communities served by the Hospital. To that end, Community First, as part of the Transaction, has agreed to: (a) adopt the Hospital's current charity care policies and maintain these same charity care policies for no less than two years following the Transaction; (b) maintain the same levels of service to Medicaid patients for no less than two years following the Transaction; (c) maintain substantially the same number of beds at the Hospital for no less than one year following the Transaction; (d) maintain the same categories of service (as recognized by the Review Board) at the Hospital for no less than five years following the Transaction; (e) maintain the privileges of any currently credentialed physician (in good standing and meeting the Hospital's Medical Staff Bylaws, Rules and Regulations) on the Hospital's Medical Staff following the Transaction; (f) maintain the compensation structure (including any longevity credit, benefits, etc.) of the Hospital's employees following the Transaction; and (g) maintain ownership of the Hospital for no less than five years following the Transaction. (See Section 1.7 of the Asset Purchase Agreement for the complete list of the operational pledges that Community First has made pursuant to the Asset Purchase Agreement.) Community First also intends to require its senior management staff to spend at least 3 hours per week in community outreach activities.

Community First's principals and senior executives have participated in more than 50 distressed transactions and turnarounds and firmly believe that a turnaround at the Hospital can be accomplished through the recruitment of new physicians, expansion of service lines, clinical integration and affiliation agreements with other providers, and the creation of population-based risk contracting entities (as envisioned by Affordable Care Act). Indeed, given the fact that the

Hospital is currently a part of Presence Health and is located within 5 miles of two Presence Health hospitals (i.e., Presence Resurrection Medical Center and Presence Saints Mary and Elizabeth Medical Center), Community First and Presence Health will continue to coordinate services following the Transaction to the point that the communities served by the Hospital should notice little to no difference in the level and continuity of services available at the Hospital.

Since Community First and the Sellers executed their letter of intent for the Transaction in June, Community First and the Sellers have had a number of meetings with community leaders, the Hospital's employees, the Hospital's medical staff, and local political leaders to explain the strategic direction for the Hospital following the Transaction. To date, the responses have been positive.

The proposed Transaction is projected to be completed by December 1, 2014, with an outside date of December 31, 2014, and is contingent upon the approval of the Review Board.

The Project has been classified as non-substantive because it proposes a change of ownership which constitutes a facility conversion pursuant to 77 Ill. Admin. Code 1110.40(b).

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Space Lease			
Other Costs To Be Capitalized (Payable at Closing)	$10,000,000	$0	$10,000,000
Other Costs To Be Capitalized (Capital Commitments over next 5 years)	$20,000,000	$0	$20,000,000
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$30,000,000**	**$0**	**$30,000,000**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities (working capital on the Hospital's balance sheet on the effective date of the Transaction)	$10,000,000	$0	$10,000,000
Cash and Securities (Capital Commitments over the next 5 years)	$20,000,000	$0	$20,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (Fair Market Value of Space Lease)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$30,000,000**	**$0**	**$30,000,000**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $0.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☒ None or not applicable ☐ Preliminary
☐ Schematics ☐ Final Working

The proposed Transaction is projected to be completed by December 1, 2014, with an outside date of December 31, 2014, and is contingent upon the approval of the Review Board.

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☒ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable: Yes. All applicable reports have been submitted.
☒ Cancer Registry
☐ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☐ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space. [NOT APPLICABLE]**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
Non-Hospital Based Ambulatory Surgical Treatment Center – Clinical/Reviewable Portions							
Non-Hospital Based Ambulatory Surgical Treatment Center – Non Clinical/Non Reviewable Portions							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Presence Our Lady of the Resurrection Medical Center		**CITY: Chicago, Illinois**			
REPORTING PERIOD DATES:		**From:**	**1/1/2013**	**to: 12/31/2013**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	213			0	213
Obstetrics					
Pediatrics					
Intensive Care	20			0	20
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	66			0	66
Specialized Long Term Care					
Long Term Acute Care					
Other (identify) -- ASTC					
TOTALS:	**299**			0	**299**

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); *and*
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Community First Healthcare of Illinois, Inc.* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Edward Green
SIGNATURE

Edward J. Green
PRINTED NAME

Principal
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 27 day of SEPTEMBER 2014

Sharon A. Carrara
Signature of Notary

Seal

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

Rick Muckelrath
SIGNATURE

Rick Muckelrath
PRINTED NAME

Principal
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 27 day of SEPTEMBER 2014

Sharon A. Carrara
Signature of Notary

Seal

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
   a. the location (town and street address);
   b. the number of beds;
   c. a list of services; and
   d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

_____	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
$30,000,000	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$30,000,000	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **"A" Bond rating or better**
2. **All of the projects capital expenditures are completely funded through internal sources**
3. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
4. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	**Category A or Category B (last three years)**			**Category B (Projected)**
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. **Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									
* Include the percentage (%) of space for circulation									

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-41, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I
Attachment 1
Applicant Identification

The Certificate of Good Standing for Community First Healthcare of Illinois, Inc., is attached at **ATTACHMENT 1**.

File Number 6956-128-4

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

COMMUNITY FIRST HEALTHCARE OF ILLINOIS, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 25, 2014, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 25TH *day of* SEPTEMBER *A.D.* 2014 .

Jesse White

SECRETARY OF STATE

Authentication #: 1426803012

Authenticate at: http://www.cyberdriveillinois.com

ATTACHMENT 1

Section I
Attachment 2
Site Ownership

The Sellers currently own the land, buildings, and other real estate comprising the campus of the Hospital. Following the Transaction, Community First will own the land, buildings, and other real estate comprising the campus of the Hospital.

Section I
Attachment 3
Operating Entity/Licensee

Community First Healthcare of Illinois, Inc., an Illinois benefit corporation ("Community First"), will be the licensee and operating entity following the Transaction.

The Hospital will be renamed Community First Medical Center following the Transaction.

Community First has two shareholders with equal ownership interests: Edward Green (50%) and Rick Muckelrath (50%).

The Certificate of Good Standing for Community First Healthcare of Illinois, Inc., is attached at **ATTACHMENT 1.**

Section I
Attachment 4
Organizational Relationships

Presence Our Lady of the Resurrection Medical Center, an Illinois not-for-profit corporation, and Presence Health Network, an Illinois not-for-profit corporation, are the Sellers.

Community First Healthcare of Illinois, Inc., an Illinois benefit corporation ("Community First"), is the Purchaser.

Community First was organized specifically for the Transaction.

Community First has two shareholders with equal ownership interests: Edward Green (50%) and Rick Muckelrath (50%).

The organizational chart for Community First is attached at **ATTACHMENT 4.**

The Certificate of Good Standing for Community First Healthcare of Illinois, Inc., is attached at **ATTACHMENT 1**

ATTACHMENT
4

Section I
Attachment 5
Flood Plain Requirements

This Project involves a change of ownership. Accordingly, this criterion is not applicable.

Section I
Attachment 6
Historic Resources Preservation Act Requirements

This Project involves a change of ownership. Accordingly, this criterion is not applicable.

Section I
Attachment 7
Project Costs

The total cost of the Project will be $30,000,000.

Section I
Attachment 8
Project Status and Completion Schedules

The proposed Transaction is projected to be completed by December 1, 2014, with an outside date of December 31, 2014.

Section I
Attachment 9
Cost/Space Requirements

This Project involves a change of ownership. Accordingly, this criterion is not applicable.

Section III
Attachment 11
Criterion 1110.230(a), Background of The Applicants

Community First

1a. Community First is an Illinois benefit corporation and was organized on June 25, 2014, pursuant to the Illinois Benefit Corporation Act, 805 ILCS 40, et seq (the "Benefit Corporation Act"), for the specific purpose of improving human health and the express purpose of acquiring the Hospital. The Benefit Corporation Act was recently enacted on January 1, 2013. A copy of Community First's Articles of Incorporation and a copy of the Benefit Corporation Act are attached at **ATTACHMENT 11**.

1b. Benefit corporations are essentially a hybrid between a for-profit corporation and a not-for-corporation. Benefit corporations have shareholders (like a for-profit corporation) but must be used for the public benefit (like a not-for profit corporation).

1c. By organizing Community First as a benefit corporation, Community First believes that it will be better able to maintain services at the Hospital, preserve jobs, and focus on the healthcare needs of the communities served by the Hospital. To that end, Community First, as part of the Transaction, has agreed to: (a) adopt the Hospital's current charity care policies and maintain these same charity care policies for no less than two years following the Transaction; (b) maintain the same levels of service to Medicaid patients for no less than two years following the Transaction; (c) maintain substantially the same number of beds at the Hospital for no less than one year following the Transaction; (d) maintain the same categories of service (as recognized by the Review Board) at the Hospital for no less than five years following the Transaction; (e) maintain the privileges of any currently credentialed physician (in good standing and meeting the Hospital's Medical Staff Bylaws, Rules and Regulations) on the Hospital's Medical Staff following the Transaction; (f) maintain the compensation structure (including any longevity credit, benefits, etc.) of the Hospital's employees following the Transaction; and (g) maintain ownership of the Hospital for no less than five years following the Transaction. (See Section 1.7 of the Asset Purchase Agreement for the complete list of the operational pledges that Community First has made pursuant to the Asset Purchase Agreement.) Community First also intends to require its senior management staff to spend at least 3 hours per week in community outreach activities.

1d. Just as critically, the benefit corporation structure creates a legal framework to enable mission driven companies like Community First to stay on mission through succession, capital raises, debt raises, and even changes of ownership, by institutionalizing the values, processes and standards put in place by the founding shareholders.

1e. Because Community First is the first benefit corporation applicant to ever appear before this Review Board, additional information about benefit corporations is attached at **ATTACHMENT 11**.

Principals

2a. Community First's principals and senior executives have participated in more than 50 distressed transactions and turnarounds and firmly believe that a turnaround at the Hospital can be accomplished through the recruitment of new physicians, expansion of service lines,

affiliation agreements with other providers, and the creation of population-based risk contracting entities (as envisioned by the Affordable Care Act).

2b. Mr. Edward Green ("Mr. Green") is one of the founding shareholders of Community First. Mr. Green is currently a Capital Partner in the Chicago Office of Foley & Lardner LLP, an international law firm ("Foley & Lardner"). In the recent past, Mr. Green has served as the Chairman of Foley & Lardner's Healthcare Transaction Practice Group and has served as the Chairman of Foley & Lardner's Distressed Healthcare Transactions Practice Group. Prior to joining Foley & Lardner, Mr. Green served as a law clerk to the Honorable Michael J. Melloy, Chief United States Judge for the Northern District of Iowa (now of the United States Court of Appeals for the Eighth Circuit.) In 2014, Mr. Green was recognized in *Chambers USA* for his health care work and has been recognized by *Nightingale's Healthcare News* as one of the leading healthcare transactional attorneys in the United States. Over the past 20 years, Mr. Green has structured and closed billions of dollars of healthcare transactions. In addition to having a law degree with high distinction from the University of Iowa, Mr. Green has an undergraduate degree in Finance from the University of Iowa and a Masters of Business Administration from the University of Iowa. Mr. Green has used his business training and experiences to effectively serve as an "outside consultant and chief strategy officer" to a number of his healthcare clients.

2c. Mr. Rick Muckelrath ("Mr. Muckelrath") is one of the founding shareholders of Community First. Mr. Muckelrath has more than twenty two years of healthcare financing and management experience. In his career, he has deployed more than $800 million in healthcare capital and has been the architect of several intricate investment banking transactions in the distressed healthcare arena. Mr. Muckelrath is a regular contributor to respected industry publications such as the ABF Journal, Secured Lender, and Modern Healthcare. Mr. Muckelrath has served on the Boards of Directors for several large healthcare service providers and currently sits on the Board of the Commercial Finance Association. Mr. Muckelrath is an educational contributor and committee member of the American Bankruptcy Institute's Healthcare Committee, and is an active member of the Turnaround Management Association.

Senior Management

3a. Mr. William Brownlow ("Mr. Brownlow") will serve as the Chief Executive Officer of the Hospital following the Transaction. Mr. Brownlow is the recently retired Senior Vice President of Finance and Managed Care and Chief Financial Officer of Silver Cross Hospital in New Lenox, Illinois ("Silver Cross"). From 1996 to 2013, Mr. Brownlow led the financial and managed care operations for Silver Cross. Over a seventeen year span, Mr. Brownlow improved the financial performance of Silver Cross by investing in new service lines, restructuring existing service lines, and recruiting new physicians into the service area. Prior to joining Silver Cross, Mr. Brownlow served as the Chief Financial Officer for St. Agnes Medical Center and the Franciscan Health System in Philadelphia (a founding member of Catholic Health Initiatives), where he played a significant role in the turnaround of St. Agnes Medical Center, an urban 250 bed Catholic hospital.

3b. Dennis Fitzmaurice ("Mr. Fitzmaurice") will serve as the Chief Operating Officer of the Hospital following the Transaction. Mr. Fitzmaurice is currently the Vice President of Professional Services at the Hospital and has more than thirty years of progressive experience in healthcare management leadership roles and has spent the last twenty five years working in various management positions at Presence Health (and its predecessor, the Resurrection Health System).

3c. Elizabeth Pankau ("Ms. Pankau") will serve as the Chief Nursing Officer of the Hospital following the Transaction. Mr. Pankau is currently the Chief Nursing Officer at the Hospital and has more than twenty years of progressive experience in healthcare management leadership roles and has spent her entire career working in various management positions at Presence Health (and its predecessor, the Resurrection Health System). Most notably, she has played a lead role in obtaining multiple Health Grades awards, Primary Stroke Center certifications, and Chest Pain certifications at her hospitals.

Capital Support

4a. Muneris Capital Group ("Muneris") will be providing the working capital to Community First necessary to effectuate the turnaround at the Hospital. Muneris is a merchant bank with offices in New York City and Connecticut, and through its principal, Mr. Timothy Peters ("Mr. Peters"), manages a $300 million debt and equity fund dedicated to healthcare and, more specifically, distressed healthcare. Mr. Peters will have a board seat on the Community First Board of Directors.

4b. The hospitals and other healthcare providers within the Muneris portfolio are generally not members or affiliates of larger health systems. Due to this fact, these clients are generally challenged when they need to access the capital markets to raise equity and/or obtain financing. Muneris has been particularly active in the Illinois marketplace because of the liquidity shortages caused by the slow payment of Illinois Medicaid.

No Adverse Actions/Authorization to Access Information

5. Community First was specifically incorporated for the Transaction. Thus, no adverse actions have been taken against any Illinois licensed facility owned and/or operated by Community First. A letter certifying the aforementioned information is attached at **ATTACHMENT 11**.

6. An authorization letter granting access to the Review Board and the Illinois Department of Public Health to verify information about Community First is attached at **ATTACHMENT 11**.

7. Community First has not submitted any certificate of need applications in the past year.

OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

JUNE 25, 2014 6956-128-4

CSC NETWORKS
801 ADLAI STEVENSON DR
SPRINGFIELD, IL 62703

RE COMMUNITY FIRST HEALTHCARE OF ILLINOIS, INC.

DEAR SIR OR MADAM:

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD THE ARTICLES OF INCORPORATION THAT CREATED YOUR CORPORATION. WE EXTEND OUR BEST WISHES FOR SUCCESS IN YOUR NEW VENTURE.

THE CORPORATION MUST FILE AN ANNUAL REPORT AND PAY FRANCHISE TAXES PRIOR TO THE FIRST DAY OF ITS ANNIVERSARY MONTH (MONTH OF INCORPORATION) NEXT YEAR. A PRE-PRINTED ANNUAL REPORT FORM WILL BE SENT TO THE REGISTERED AGENT AT THE ADDRESS SHOWN ON THE RECORDS OF THIS OFFICE APPROXIMATELY 60 DAYS PRIOR TO ITS ANNIVERSARY MONTH.

SECURITIES CANNOT BE ISSUED OR SOLD EXCEPT IN COMPLIANCE WITH THE ILLINOIS SECURITIES LAW OF 1953, 815 ILLINOIS COMPILED STATUTES, 5/1 ET SEQ, FOR FURTHER INFORMATION CONTACT THE OFFICE OF THE SECRETARY OF STATE, SECURITIES DEPARTMENT AT (217) 782-2256 OR (312) 793-3384.

MANY SERVICES ARE NOW AVAILABLE ON-LINE AT WWW.CYBERDRIVEILLINOIS.COM. YOU MAY CHECK THE STATUS OF THIS CORPORATION, PURCHASE A CERTIFICATE OF GOOD STANDING OR FILE AN ANNUAL REPORT WHEN IT IS DUE.

SINCERELY,

Jesse White

JESSE WHITE
SECRETARY OF STATE
DEPARTMENT OF BUSINESS SERVICES
CORPORATION DIVISION
TELEPHONE (217) 782-6961

ATTACHMENT
11

FORM **BCA 2.10** (rev. Dec. 2003)
ARTICLES OF INCORPORATION
Business Corporation Act

Jesse White, Secretary of State
Department of Business Services
501 S. Second St., Rm. 350
Springfield, IL 62756
217-782-9522
217-782-6961
www.cyberdriveillinois.com

FILED
JUN 25 2014
JESSE WHITE
SECRETARY OF STATE

Remit payment in the form of a cashier's check, certified check, money order or an Illinois attorney's or CPA's check payable to Secretary of State.

See Note 1 on back to determine fees.

Filing Fee: $150 Franchise Tax $ 25.00 Total $ 175.00 File # 6956-128-4 Approved: J.P.F

Submit in duplicate — Type or Print clearly in black ink — Do not write above this line

1. Corporate Name: Community First Healthcare of Illinois, Inc. O.K.

The Corporate Name must contain the word "Corporation," "Company," "Incorporated," "Limited" or an abbreviation thereof.

2. Initial Registered Agent: Edward J. Green
(First Name / Middle Initial / Last Name)

Initial Registered Office: 321 North Clark Street, Suite 2800
(Number / Street / Suite No. (P.O. Box alone is unacceptable))

Chicago IL 60654 Cook, IL.
(City / ZIP Code / County)

3. Purposes(s) for which the Corporation is Organized:
If more space is needed, attach additional sheets of this size.

The transaction of any or all lawful businesses for which corporations may be incorporated under the Illinois Business Corporation Act.

This corporation is a benefit corporation in accordance with the provisions of Article 2 of the Illinois Benefit Corporation Act and has a general purpose of creating general public benefit and a specific purpose of improving human health.

4. Paragraph 1 — Authorized Shares, Issued Shares and Consideration Received:

Class	Number of Shares Authorized	Number of Shares Proposed to be Issued	Consideration to be Received Thereof
Common	10000	1000	$ 1,000.00

TOTAL = $ 1,000.00

Paragraph 2 — The preferences, qualifications, limitations, restrictions and special or relative rights in respect of the shares of each class are:
If more space is needed, attach additional sheets of this size.

(cont. on back)

Printed by authority of the State of Illinois. December 2011 — 5M — C 162.26

ATTACHMENT 11

ITEMS 5, 6 AND 7 ARE OPTIONAL

5. a. Number of Directors constituting the initial board of directors of the corporation: _____
   b. Names and Addresses of persons serving as directors until the first annual meeting of shareholders or until their successors are elected and qualify:

Name	Address	City, State, ZIP

6. a. It is estimated that the value of the property to be owned by the corporation for the following year wherever located will be: $ _____
   b. It is estimated that the value of the property to be located within the State of Illinois during the following year will be: $ _____
   c. It is estimated that the gross amount of business that will be transacted by the corporation during the following year will be: $ _____
   d. It is estimated that the gross amount of business that will be transacted from places of business in the State of Illinois during the following year will be: $ _____

7. Other Provisions: Attach a separate sheet of this size for any other provision to be included in the Articles of Incorporation (e.g., authorizing preemptive rights, denying cumulative voting, regulating internal affairs, voting majority requirements, fixing a duration other than perpetual, etc.).

NAME(S) & ADDRESS(ES) OF INCORPORATOR(S)

8. The undersigned incorporator(s) hereby declare(s), under penalties of perjury, that the statements made in the foregoing Articles of Incorporation are true.

Dated June 25 (Month & Day), 2014 (Year)

	Signature and Name	Address
1.	Edward J. Green (Signature) Edward J. Green, Incorporator (Name (type or print))	321 North Clark Street, Suite 2800 (Street) Chicago, Illinois 60654 (City/Town, State, ZIP Code)
2.	_____ (Signature) _____ (Name (type or print))	_____ (Street) _____ (City/Town, State, ZIP Code)
3.	_____ (Signature) _____ (Name (type or print))	_____ (Street) _____ (City/Town, State, ZIP Code)

Signatures must be in BLACK INK on an original document. Carbon copy, photocopy or rubber stamp signatures may only be used on conformed copies.

NOTE: If a corporation acts as incorporator, the name of the corporation and the state of incorporation shall be shown and the execution shall be by a duly authorized corporate officer. Type or print officer's name and title beneath signature.

Note 1 — Fee Schedule:

- The initial franchise tax is assessed at the rate of 15/100 of 1 percent ($1.50 per $1,000) on the paid-in capital represented in this state. (The minimum initial franchise tax is $25.)
- The filing fee is $150.
- The **minimum total due** (franchise tax + filing fee) is $175.

Note 2 — Return to:

_____ (Firm name)
_____ (Attention)
_____ (Mailing Address)
_____ (City, State, ZIP Code)

Printed by authority of the State of Illinois. December 2011 — 5M — C 162.26

Illinois Compiled Statutes

Information maintained by the Legislative Reference Bureau
Updating the database of the Illinois Compiled Statutes (ILCS) is an ongoing process. Recent laws may not yet be included in the ILCS database, but they are found on this site as Public Acts soon after they become law. For information concerning the relationship between statutes and Public Acts, refer to the Guide.

Because the statute database is maintained primarily for legislative drafting purposes, statutory changes are sometimes included in the statute database before they take effect. If the source note at the end of a Section of the statutes includes a Public Act that has not yet taken effect, the version of the law that is currently in effect may have already been removed from the database and you should refer to that Public Act to see the changes made to the current law.

BUSINESS ORGANIZATIONS
(805 ILCS 40/) Benefit Corporation Act.

(805 ILCS 40/Art. 1 heading)
Article 1. General Provisions
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/1)
Sec. 1. Short title. This Act may be cited as the Benefit Corporation Act.
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/1.05)
Sec. 1.05. Application and effect of the Act.
(a) This Act shall be applicable to all benefit corporations.
(b) The existence of a provision of this Act shall not of itself create an implication that a contrary or different rule of law is applicable to a corporation which is not a benefit corporation. This Act shall not affect a statute or rule of law that is applicable to a business corporation that is not a benefit corporation.
(c) The Business Corporation Act of 1983, as heretofore or hereafter amended, shall be applicable to such benefit corporations, including their organization, and they shall enjoy the powers and privileges and be subject to the duties, restrictions, and liabilities of other corporations, except so far as the same may be limited or enlarged by this Act. If any provision of this Act conflicts with the Business Corporation Act of 1983, this Act shall take precedence.
(d) A provision of the articles of incorporation or bylaws of a benefit corporation may not relax, be inconsistent with, or supersede a provision of this Act.
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/1.10)
Sec. 1.10. Definitions. As used in this Act, unless the context otherwise requires, the words and phrases defined in this Section shall have the meanings set forth herein.

"Benefit corporation" means a corporation organized under the Business Corporation Act of 1983:

(1) which has elected to become subject to this Act; and

(2) whose status as a benefit corporation has not been terminated under Section 2.10.

"Benefit director" means either:

(1) the director designated as the benefit director of a benefit corporation under Section 4.05; or

(2) a person with one or more of the powers, duties, or rights of a benefit director to the extent provided in the bylaws pursuant to Section 4.05.

"Benefit enforcement proceeding" means a claim or action for:

(1) the failure of a benefit corporation to pursue or create general public benefit or a specific public benefit set forth in its articles of incorporation; or

(2) a violation of an obligation, duty, or standard of conduct under this Act.

"Benefit officer" means the individual designated as the benefit officer of a benefit corporation under Section 4.15.

"General public benefit" means a material positive impact on society and the environment, taken as a whole, assessed against a third-party standard, from the business and operations of a benefit corporation.

"Independent" means having no material relationship with a benefit corporation or a subsidiary of the benefit corporation. A person serving as benefit director or benefit officer may be considered independent. For the purposes of this definition, a percentage of ownership in an entity shall be calculated as if all outstanding rights to acquire equity interests in the entity have been exercised. A material relationship between a person and a benefit corporation or any of its subsidiaries will be conclusively presumed to exist if:

(1) the person is, or has been within the last 3 years, an employee other than a benefit officer of the benefit corporation or a subsidiary of the benefit corporation;

(2) an immediate family member of the person is, or has been within the last 3 years, an executive officer other than a benefit officer of the benefit corporation or its subsidiaries; or

(3) there is beneficial or record ownership of 5% or more of the outstanding shares of the benefit corporation by:

(A) the person; or

(B) an entity:

(i) of which the person is a director, an officer, or a manager; or

(ii) in which the person owns beneficially or of record 5% or more of the outstanding equity interests.

"Minimum status vote" means that:

(1) in the case of a corporation, in addition to any other approval or vote required by the Business Corporation Act of 1983, the bylaws, or the articles of incorporation:

(A) the shareholders of every class or series shall be entitled to vote on the corporate action regardless of a limitation stated in the articles of

incorporation or bylaws on the voting rights of any class or series; and

(B) the corporate action shall be approved by vote of the outstanding shares of each class or series entitled to vote by at least two-thirds of the votes that all shareholders of the class or series are entitled to cast on the action; and

(2) in the case of an entity organized under the laws of this State that is not a corporation, in addition to any other approval, vote, or consent required by the statutory law, if any, that principally governs the internal affairs of the entity or any provision of the publicly filed record or document required to form the entity, if any, or of any agreement binding on some or all of the holders of equity interests in the entity:

(A) the holders of every class or series of equity interest in the entity that are entitled to receive a distribution of any kind from the entity shall be entitled to vote on or consent to the action regardless of any otherwise applicable limitation on the voting or consent rights of any class or series; and

(B) the action must be approved by a vote or consent of at least two-thirds of such holders.

"Specific public benefit" means:

(1) providing low-income or underserved individuals or communities with beneficial products or services;

(2) promoting economic opportunity for individuals or communities beyond the creation of jobs in the ordinary course of business;

(3) preserving the environment;

(4) improving human health;

(5) promoting the arts, sciences or advancement of knowledge;

(6) increasing the flow of capital to entities with a public benefit purpose; or

(7) the accomplishment of any other particular benefit for society or the environment.

"Subsidiary" of a person means an entity in which the person owns beneficially or of record 50% or more of the outstanding equity interests. For the purposes of this subsection, a percentage of ownership in an entity shall be calculated as if all outstanding rights to acquire equity interests in the entity have been exercised.

"Third-party standard" means a standard for defining, reporting, and assessing overall corporate, social, and environmental performance that:

(1) is a comprehensive assessment of the impact of the business and the business' operations upon the considerations listed in subdivisions (a)(1)(B) through (a)(1)(E) of Section 4.01;

(2) is developed by an entity that has no material financial relationship with the benefit corporation or any of its subsidiaries;

(3) is developed by an entity that is not materially financed by any of the following organizations and not more than one-third of the members of the governing body of the entity are representatives of:

(A) associations of businesses operating in a specific industry, the performance of whose members is

measured by the standard;

(B) businesses from a specific industry or an association of businesses in that industry; or

(C) businesses whose performance is assessed against the standard; and

(4) is developed by an entity that:

(A) accesses necessary and appropriate expertise to assess overall corporate social and environmental performance; and

(B) uses a balanced multi-stakeholder approach, including a public comment period of at least 30 days to develop the standard; and

(5) makes the following information regarding the standard publicly available:

(A) the factors considered when measuring the overall social and environmental performance of a business and the relative weight, if any, given to each of those factors;

(B) the identity of the directors, officers, any material owners, and the governing body of the entity that developed, and controls revisions to, the standard, and the process by which revisions to the standard and changes to the membership of the governing body are made; and

(C) an accounting of the sources of financial support for the entity, with sufficient detail to disclose any relationships that could reasonably be considered to present a potential conflict of interest.

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/Art. 2 heading)

Article 2. Formation of Benefit Corporations

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/2.01)

Sec. 2.01. Formation of benefit corporations. A benefit corporation must be formed in accordance with Article 2 of the Business Corporation Act of 1983. In addition to the formation requirements of that Act, the articles of incorporation of a benefit corporation must state that it is a benefit corporation in accordance with the provisions of this Article.

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/2.05)

Sec. 2.05. Election of status.

(a) A corporation may become a benefit corporation under this Act by amending its articles of incorporation so that they contain a statement that the corporation is a benefit corporation. In order to be effective, the amendment must be adopted by at least the minimum status vote.

(b) For any entity that is a party to a merger or consolidation or is the exchanging entity in a share exchange, where the surviving, new, or resulting entity in the merger, consolidation, or share exchange is intended to be a benefit corporation, such plan of merger, consolidation, or share exchange must be adopted by at least the minimum status vote

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in order to be effective.
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/2.10)
Sec. 2.10. Termination of status.
(a) A benefit corporation may terminate its status as such and cease to be subject to this Act by amending its articles of incorporation to remove the statement that the corporation is a benefit corporation. In order to be effective, the amendment must be adopted by at least the minimum status vote.
(b) If a plan of merger, conversion, or share exchange would have the effect of terminating the status of a corporation as a benefit corporation, in order to be effective, the plan must be adopted by at least the minimum status vote.
(c) A sale, lease, exchange or other disposition of all or substantially all of the assets of a benefit corporation, unless the transaction is in the usual and ordinary course of business, shall not be effective unless the transaction is adopted by at least the minimum status vote.
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/Art. 3 heading)
Article 3. Corporate Purposes
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/3.01)
Sec. 3.01. Corporate purposes.
(a) A benefit corporation shall have a purpose of creating general public benefit. This purpose is in addition to its purposes under Section 3.05 of the Business Corporation Act of 1983 and any specific purpose set forth in its articles of incorporation in accordance with subsection (b).
(b) The articles of incorporation of a benefit corporation may identify one or more specific public benefits the creation of which is a purpose of the benefit corporation in addition to its purposes under Section 3.05 of the Business Corporation Act of 1983 and subsection (a). The identification of a specific public benefit under this subsection does not limit the obligation of a benefit corporation under subsection (a).
(c) The creation of general public benefit and specific public benefit under subsections (a) and (b) is in the best interests of the benefit corporation.
(d) A benefit corporation may amend its articles of incorporation to add, change, or remove a specific public benefit. In order to be effective, the amendment must be adopted by at least the minimum status vote.
(e) A professional corporation that is a benefit corporation does not violate Sections 3.4 or 6 of the Professional Service Corporation Act by having the purpose to create general public benefit or a specific public benefit.
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/Art. 4 heading)

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Article 4. Accountability

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/4.01)

Sec. 4.01. Standard of Conduct for Directors.

(a) Without regard to whether the benefit corporation is subject to Section 8.85 of the Business Corporation Act of 1983, in discharging the duties of their respective positions, the board of directors, committees of the board, and individual directors of a benefit corporation in considering the best interests of the benefit corporation:

(1) shall consider the effects of any action upon:

(A) the shareholders of the benefit corporation;

(B) the employees and work force of the benefit corporation, its subsidiaries, and its suppliers;

(C) the interests of customers as beneficiaries of the general public benefit or specific public benefit purposes of the benefit corporation;

(D) community and societal considerations, including those of each community in which offices or facilities of the benefit corporation, its subsidiaries or its suppliers are located;

(E) the local and global environment;

(F) the short-term and long-term interests of the benefit corporation, including benefits that may accrue to the benefit corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the benefit corporation; and

(G) the ability of the benefit corporation to accomplish its general public benefit purpose and any specific public benefit purpose; and

(2) may consider:

(A) considerations listed in Section 8.85 of the Business Corporation Act of 1983; and

(B) any other pertinent factors or the interests of any other group that they deem appropriate; but

(3) need not give priority to the interests of a particular person or group referred to in paragraphs (1) or (2) over the interests of another person or group unless the benefit corporation has stated in its articles of incorporation its intention to give priority to certain interests related to its accomplishment of its general public benefit purpose or a specific public benefit purpose identified in its articles of incorporation.

(b) The consideration of interests and factors in the manner required by subsection (a) is in addition to the ability of directors to consider interests and factors as provided in Section 8.85 of the Business Corporation Act of 1983.

(c) A director is not personally liable for monetary damages for:

(1) any action taken as a director if the director performed the duties of office in compliance with Article 8 of the Business Corporation Act of 1983 and this Section; or

(2) a failure of the benefit corporation to pursue or create general public benefit or a specific public benefit.

(d) A director does not have a duty to a person that is a beneficiary of the general public benefit purpose or a specific public benefit purpose of a benefit corporation arising from the status of the person as a beneficiary.
(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/4.05)
Sec. 4.05. Benefit director.
(a) The board of directors of a benefit corporation shall include a director, who:
(1) is designated as the benefit director; and
(2) has, in addition to the powers, duties, rights, and immunities of the other directors of the benefit corporation, the powers, duties, rights, and immunities provided in this Section.
(b) The benefit director shall be elected, and may be removed, in the manner provided by Article 8 of the Business Corporation Act of 1983 and shall be an individual who is independent, as defined in Section 1.10. The benefit director may serve as the benefit officer at the same time as serving as the benefit director. The articles of incorporation or bylaws of a benefit corporation may prescribe additional qualifications of the benefit director not inconsistent with this Section.
(c) The benefit director shall prepare, and the benefit corporation shall include in the annual benefit report to shareholders required by Section 5.01 of this Act, the opinion of the benefit director on:
(1) whether the benefit corporation acted in accordance with its general public benefit purpose and any specific public benefit purpose in all material respects during the period covered by the report; and
(2) whether the directors and officers complied with subsection (a) of Section 4.01 and subsection (a) of Section 4.10, respectively, and if, in the opinion of the benefit director, the directors and officers did not so comply, a description of the failure to comply.
(d) The acts of an individual in the capacity of a benefit director shall constitute, for all purposes, acts of that individual in the capacity of a director of the benefit corporation.
(e) If the bylaws of a benefit corporation provide that the powers and duties conferred or imposed upon the board of directors shall be exercised or performed by a person or persons other than the directors, in contrast to subsection (a) of Section 8.05 of the Business Corporation Act of 1983, or if the bylaws of a close corporation that is a benefit corporation provide that the business and affairs of the corporation shall be managed by or under the director of the shareholders, then the bylaws of the benefit corporation must provide that the person, persons, or shareholders who perform the duties of a board of directors shall include a person with the powers, duties, rights, and immunities of a benefit director.
A person who exercises one or more of the powers, duties, or rights of a benefit director pursuant to this subsection:
(i) does not need to be independent of the benefit corporation;
(ii) shall have the immunities of a benefit

director;

(iii) may share the powers, duties, and rights of a benefit director with one or more other persons; and

(iv) shall not be subject to the procedures for election or removal of directors in Article 8 of the Business Corporation Act of 1983 unless the person is also a director of the benefit corporation or the bylaws make those procedures applicable.

(f) Regardless of whether the bylaws of a benefit corporation include a provision eliminating or limiting the personal liability of directors authorized by paragraph (3) of subsection (b) of Section 2.10 of the Business Corporation Act of 1983, a benefit director shall not be personally liable for an act or omission in the capacity of a benefit director unless the act or omission constitutes self-dealing, willful misconduct, or a knowing violation of law.

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/4.10)

Sec. 4.10. Standard of conduct for officers.

(a) Each officer of a benefit corporation shall consider the interests and factors described in subsection (a) of Section 4.01 in the manner provided in that subsection if:

(1) the officer has discretion to act with respect to a matter; and

(2) it reasonably appears to the officer that the matter may have a material effect on the creation by the benefit corporation of general public benefit or a specific public benefit identified in the articles of incorporation by the benefit corporation.

(b) Exoneration from personal liability. An officer is not personally liable for monetary damages for:

(1) action taken as an officer if the officer performed the duties of the position in compliance with this Section; or

(2) failure of the benefit corporation to pursue or create general public benefit or specific public benefit.

(c) Limitation on standing. An officer does not have a duty to a person that is a beneficiary of the general public benefit purpose or a specific public benefit purpose of a benefit corporation arising from the status of the person as a beneficiary.

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/4.15)

Sec. 4.15. Benefit officer.

(a) A benefit corporation may have an officer designated as the benefit officer.

(b) A benefit officer shall have:

(1) powers and duties relating to the purpose of the benefit corporation to create general public benefit or specific public benefit provided:

(A) by the bylaws of the benefit corporation; or

(B) absent controlling provisions in the bylaws, by resolutions or orders of the board of directors; and

(2) the duty to prepare the benefit report required by Section 5.01 of this Act.

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/4.20)

Sec. 4.20. Right of action; benefit enforcement proceeding.

(a) No person may bring an action or assert a claim against a benefit corporation or its directors or officers with respect to failure to pursue or create general public benefit or a specific public benefit set forth in its articles of incorporation or violation of a duty or standard of conduct under this Act except in a benefit enforcement proceeding.

(b) A benefit enforcement proceeding may be commenced or maintained only:

(1) directly by the benefit corporation; or

(2) derivatively by:

(A) a shareholder;

(B) a director;

(C) a person or group of persons that owns beneficially or of record 5% or more of the equity interests in an entity of which the benefit corporation is a subsidiary; or

(D) other persons as specified in the articles of incorporation or bylaws of the benefit corporation.

(c) A benefit corporation shall not be liable for monetary damages under this Act for any failure of the benefit corporation to pursue or create general public benefit or a specific public benefit.

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/Art. 5 heading)

Article 5. Transparency

(Source: P.A. 97-885, eff. 1-1-13.)

(805 ILCS 40/5.01)

Sec. 5.01. Annual benefit report.

(a) A benefit corporation shall prepare an annual benefit report including all of the following:

(1) A narrative description of:

(A) the process and rationale for selecting the third party standard used to prepare the benefit report;

(B) the ways in which the benefit corporation pursued general public benefit during the year and the extent to which general public benefit was created;

(C) the ways in which the benefit corporation pursued a specific public benefit that the articles state it is the purpose of the benefit corporation to create and the extent to which that specific public benefit was created; and

(D) any circumstances that have hindered the pursuit by the benefit corporation of its general public benefit purpose and any specific public benefit purpose or the creation by the benefit corporation of general public benefit and any specific public benefit.

(2) An assessment of the overall social and environmental performance of the benefit corporation against a third-party standard:

(A) applied consistently with any application of that standard in prior benefit reports; or

(B) accompanied by an explanation of the reasons for any inconsistent application.

(3) The name of the benefit director and the benefit officer, if any, and the address to which correspondence to each of them may be directed.

(4) The compensation paid by the benefit corporation during the year to each director in the capacity of a director.

(5) The name of each person that owns 5% or more of the outstanding shares of the benefit corporation either:

(A) beneficially, to the extent known to the benefit corporation without independent investigation; or

(B) of record.

(6) The statement of the benefit director required by subsection (c) of Section 4.05.

(7) A statement of any connection between the organization that established the third-party standard, or its directors, officers, or material owners, and the benefit corporation or its directors, officers or material owners, including any financial or governance relationship that might materially affect the credibility of the use of the third-party standard.

(8) If the benefit corporation has dispensed with, or restricted the discretion or powers of, the board of directors, its annual benefit report must describe the persons who exercise the powers, duties, and rights, and have the immunities of the board of directors and the benefit director as required by subsection (e) of Section 4.05.

(b) The benefit corporation shall send a benefit report annually to each shareholder:

(1) within 120 days following the end of the fiscal year of the benefit corporation; or

(2) at the same time that the benefit corporation delivers any other annual report to its shareholders.

(c) A benefit corporation shall post all of its benefit reports on the public portion of its Internet website, if any, but the compensation paid to directors and financial or proprietary information included in the benefit reports may be omitted from the benefit reports as posted.

(d) If a benefit corporation does not have an Internet website, the benefit corporation shall provide a copy of its most recent benefit report, without charge, to any person that requests a copy.

(Source: P.A. 97-885, eff. 1-1-13.)

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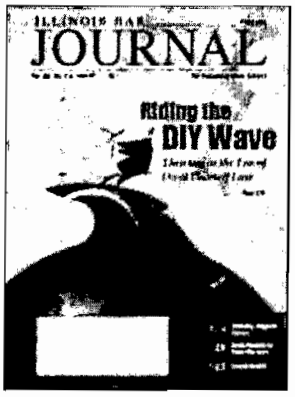

Business Law

The New Illinois Benefit Corporation Act

By Stephen Proctor

The new Illinois Benefit Corporation Act encourages creation of corporations that advance worthy public purposes. It also requires public accountability and disclosure.

As of January 1, 2013, there is a new form of business in Illinois, the benefit corporation. Benefit Corporation Act, Public Act 097-0885 (2012) ("Act"). A benefit corporation, as the name implies, must be used for purposes other than maximizing value for shareholders. Instead, it must also be used for a "public benefit."

The existing Illinois Business Corporation Act of 1983 (BCA) already applies to benefit corporations, except as provided in the Benefit Corporation Act. Section 1.05(c). But there are some unique features of a benefit corporation under the new Act to which corporate attorneys are not accustomed, notably the disclosure of owners and public accountability.

A benefit corporation is formed simply by including in the articles of incorporation a statement that it is a benefit corporation under the Act. Sections 2.01 and 2.05. A benefit corporation must also include "creating general public benefit" as a purpose, with the option of including a specific public benefit. Section 3.01. An existing corporation can become a benefit corporation by amending its

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articles of incorporation to comply with the Act. Section 2.05. Therefore, whether a particular corporation is a benefit corporation can be determined from the articles of incorporation, which is a public record.

But what is a "specific public benefit?" The Act lists seven activities, including providing benefits to underserved or low-income individuals or communities, promoting economic opportunity, preserving the environment, improving health, promoting arts and sciences, increasing capital to other benefit corporations, or accomplishing other benefits for society or the environment. Section 1.10. While the list is comprehensive, it is apparently exclusive, since it does not contain non-limiting language, such as "not limited to" or "includes."

Protections - and requirements - for officers and directors

But there is much more to running a benefit corporation than simply putting the magic words in the articles of incorporation. One portion of the Act is devoted to accountability, another to transparency. There are specific standards for directors and officers, requiring them to consider the effects of their actions not only on shareholders, but also employees, customers, communities, the environment, and the ability of the corporation to accomplish its general and specific public benefit purposes. Sections 4.01 and 4.10.

But the Act also protects directors and officers from personal liability for their actions on behalf of a benefit corporation and provides that they have no duty to the corporation's potential beneficiaries. Sections 4.01 and 4.10. A benefit corporation must have a "benefit director" and a "benefit officer," who can be the same person. Sections 4.05 and 4.15.

The Act requires a benefit corporation to publicly report on its activities. Section 5.01. It must prepare an annual benefit report describing the ways it pursued its general and specific public benefit purposes and any circumstances that hindered it from doing so.

The report must also use a "third party standard" to enable the public to evaluate its performance. The "third party standard" is a comprehensive assessment of the business and its operations as they relate to the non-shareholder beneficiaries of the benefit corporation. It must be developed by an independent entity, not controlled by a specific industry, that publicly discloses its evaluation criteria and source of financial support. Section 1.10.

The annual benefit report must also include information such as a) the names of the benefit director and benefit officer, b) the compensation paid to each director, and c) the names of each person owning 5 percent or more of the benefit corporation. The report must be made publicly available by sending a copy to each shareholder, posting on the corporation's website, and, if it has no website, providing a copy without charge to anyone who requests a copy.

Ideally, the new Illinois Benefit Corporation Act will encourage the creation of entities that advance worthy public purposes. But it also creates some requirements, such as public accountability and disclosure of owners, to insure that benefit corporations meet the purposes for which they were created.

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DrinkerBiddle

August 2012
Client Alert

Illinois Authorizes the Creation of Benefit Corporations

By William H. Clark, Jr. and Elizabeth K. Babson

On August 2, 2012, Illinois Governor Pat Quinn signed into law the Illinois Benefit Corporation Act (the "Act"), making Illinois one of eleven states[1] that have authorized the creation of a new form of corporation known as a "benefit corporation."

Our Role in Benefit Corporation Legislation

Drinker Biddle has provided hundreds of pro bono hours to B Lab, a non-profit organization dedicated to using the power of business to solve social and environmental problems through the advancement of Benefit Corporation legislation. Partner William Clark and associate Elizabeth Babson, specifically, have drafted model legislation and worked to get that legislation passed throughout the United States. Both Bill and Lizzie have been recognized with awards for their efforts. To read an article they authored for the William Mitchell Law Review, titled "How Benefit Corporations are Redefining the Purpose of Business Corporations," please click here.

A growing sector of the economy, led by "social entrepreneurs," is endorsing a new understanding of a corporation's responsibility to focus on more than just bottom-line earnings. These businesses are committed instead to pursuing a "triple bottom line" that includes people, planet, and profits.

While corporations generally have the ability to pursue sustainability, these corporate decisions are usually justified in terms of creating long-term shareholder value. A commitment to pursuing social and/or environmental goals as an end unto itself may be viewed in many states as inconsistent with the traditional perspective that a corporation's purpose is to maximize its profits for the benefit of its shareholders. In the ordinary course of business, decisions by a corporation's directors that benefit social or environmental interests are generally protected by the business judgment rule, under which courts are reluctant to second-guess operating decisions by the directors. But a fundamental transaction, such as a merger involving a change in control of a corporation, may interfere with a corporation's ability to maintain its focus on social and/or environmental factors because of the pressure to maximize the price to be received by the shareholders.

The Act provides the growing community of mission-driven businesses in Illinois with a new form of corporation designed to support the pursuit of a "triple bottom line" business model.

What is Different About Benefit Corporations?

Benefit corporations are a new variation on a familiar form; they have most of the characteristics of a traditional business corporation, but are subject to new requirements

1 The other ten states are California, Hawaii, Louisiana, Maryland, Massachusetts, New Jersey, New York, South Carolina, Vermont, and Virginia.

with respect to purpose, accountability, and transparency:

1) they must have a corporate purpose to create a material, positive impact on society and the environment;

2) the fiduciary duties of directors are expanded to require consideration of non-financial interests; and

3) they must report on their overall social and environmental performance as assessed against a comprehensive, credible, independent, and transparent third-party standard.

How to Become a Benefit Corporation

Under the Act, there are three ways to become a benefit corporation:

1) **New Business.** A new business can form as a benefit corporation under the Business Corporation Act of 1983 by stating that it is a benefit corporation in its articles of incorporation.

2) **Existing Business.** An existing corporation may amend its articles of incorporation to include a statement that it is a benefit corporation after a two-thirds vote of the shareholders. The Act also enables close corporations and professional corporations to elect benefit corporation status.

3) **Fundamental Transaction.** A business that wants to become a benefit corporation through a fundamental transaction (e.g. a merger or consolidation) must approve the transaction by a two-thirds shareholder vote.

The Additional Purpose

A benefit corporation must have a purpose to create "general public benefit" in addition to any other lawful purpose. The Act defines a general public benefit as a material, positive impact on society and the environment, taken as a whole, as assessed against a third-party standard.

A benefit corporation may also have a "specific public benefit" purpose. The Act includes the following non-exclusive list of specific public benefit purposes:

1) providing low-income or underserved individuals or communities with beneficial products or services;

2) promoting economic opportunity for individuals or communities beyond the creation of jobs in the ordinary course of business;

3) preserving the environment;

4) improving human health;

5) promoting the arts, sciences or advancement of knowledge;

6) increasing the flow of capital to entities with a public benefit purpose; or

7) the accomplishment of any other particular benefit for society or the environment.

Changes in the Duties of Directors and Officers

The Act expands the duties of directors and officers from the traditional shareholder focused approach by requiring them to consider the long- and short-term effects of their decisions and resulting actions on the corporation's various stakeholders. The interests

that must be considered are:

(1) the shareholders of the benefit corporation;

(2) the employees and work force of the benefit corporation, its subsidiaries, and its suppliers;

(3) the interests of customers as beneficiaries of the general public benefit or specific public benefit purposes of the benefit corporation;

(4) community and societal considerations, including those of each community in which offices or facilities of the benefit corporation, its subsidiaries or its suppliers are located;

(5) the local and global environment;

(6) the short-term and long-term interests of the benefit corporation, including benefits that may accrue to the benefit corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the benefit corporation; and

(7) the ability of the benefit corporation to accomplish its general public benefit purpose and any specific public benefit purpose.

The Act provides clarity for directors with respect to their required considerations, but does not prescribe how the directors and officers should balance these interests in any particular instance. The decisions that the directors of a benefit corporation will face during the course of its business will be varied. The Act does not attempt the impossible task of prescribing the results of those decisions but focuses instead on ensuring that the interests of all of the corporation's constituencies are considered during the decision-making process.

A benefit corporation must have a designated benefit director who, in addition to the powers, duties, rights, and immunities of the other directors, is responsible for issuing his opinion on the company's performance and compliance with the Act and its public benefit purposes. A benefit corporation may also elect a benefit officer who is responsible for preparing the annual benefit report.

The shareholders and directors of a benefit corporation have the exclusive right to bring an action called a "benefit enforcement proceeding" against the corporation or its directors for failing to create general or specific public benefit, a violation of duty or standard of conduct under the Act, or a failure to meet the transparency requirements. Although subject to greater accountability, directors, officers and the corporation are not liable for monetary damages for any of the above actions, and instead, injunctive relief or similar equitable remedies are available.

Increased Transparency

Each year, an Illinois benefit corporation must publish a benefit report to inform both its shareholders and the public about its success in meeting its general and specific public benefit purposes.

To provide an objective basis for evaluating its social and environmental performance, the benefit corporation must select a comprehensive, credible, independent, and transparent third-party standard against which it can assess and measure how successfully it achieved its goals. There are numerous third party standards the

corporation may choose from such as B Impact Assessment, GRI, Green Seal, Underwriters Laboratories (UL), ISO2600 and Green America.

The report must include:

- the opinion statement of the benefit director;
- how it pursued and created a general public benefit that year;
- if and how it pursued and created a specific public benefit;
- any circumstances that hindered the pursuit of any benefit purpose;
- the name and address of the benefit director and officer, if one exists;
- the compensation of all directors during the year;
- the name of each person who owns 5% or more of the outstanding shares of the benefit corporation;
- a narrative description of how it chose its third party standard; and
- a statement describing the connection between the organization behind the third-party standard and the benefit corporation.

If the benefit corporation is a close corporation, the Act also requires that the report describe any elected variance in the governance of the corporation.

The Act requires that the benefit corporation send the annual benefit report to each shareholder following the end of the fiscal year or at the same time it delivers any other annual reports to shareholders. The benefit corporation must also post all benefit reports to the public portion of its website; or if no website exists, it must provide a copy without charge to anyone who so requests.

Just as investors look to a company's financial statements to evaluate its financial performance, the annual benefit report provides consumers and investors with the information they need to evaluate a benefit corporation's social and environmental performance. This transparency helps to combat "greenwashing," which occurs when an organization portrays itself as "green," "responsible," or "sustainable" to attract socially and environmentally conscious consumers without following through on its commitment to sustainable business practices. A business organized as a benefit corporation is designed to be accountable to its public benefit purposes and therefore puts consumers and investors on notice that it will work toward achieving those purposes.

Conclusion

The Illinois Benefit Corporation Act enables socially responsible and mission-driven businesses in Illinois to elect a corporate form that addresses additional and specific needs to achieve greater social and environmental impact. New benefit corporations will have the advantages of increased clarity and legal protection for directors, maintenance of the corporate mission over time, attraction of capital and new investors and increased transparency for their shareholders and customers.

For more information on matters discussed in this alert, please contact William H. Clark, Jr. at William.Clark@dbr.com or (215) 988-2804, or Elizabeth K. Babson at Elizabeth.Babson@dbr.com or (215) 988-2698.

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Querrey & Harrow

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January 24, 2013

Illinois Enacts Benefit Corporation Act

The Illinois Benefit Corporation Act went into effect on January 1, 2013. The Act represents an innovation in corporate law by creating a new type of corporation called a "benefit corporation." Under traditional corporate law, a corporation's board of directors is responsible for enhancing shareholder value. If the board is able to enhance shareholder value while at the same time having a positive impact on the community or the environment, that impact is merely an added bonus.

With the introduction of the benefit corporation, however, Illinois now offers a vehicle under which corporations can be organized with the purpose of creating a material positive impact on society and the environment without fear of repercussions in the form of a shareholder action for failure to maximize shareholder value. To that end, the Act specifically expands the fiduciary duties of directors and officers of benefit corporations to include non-financial considerations such as impact on the environment, community, and society. Consequently, directors and officers are free to make decisions that do not necessarily maximize shareholder value. It is important to note that while a benefit corporation's shareholders do not have a cause of action against its directors and officers for failure to create a public benefit, the benefit corporation can lose its status if it fails to create a public benefit.

New businesses are permitted to become a benefit corporation under the Act by stating in the Articles of Incorporation that the corporation is a benefit corporation. Existing businesses can become a benefit corporation by amending the Articles of Incorporation to contain a similar statement. If a new or existing entity elects to become a benefit corporation, it should be aware that the Act provides for greatly increased transparency for benefit corporations. Specifically, a benefit corporation must elect a benefit director that is responsible for preparing an annual benefit report to shareholders. Notably, the annual benefit report must include an assessment of the overall social and environmental performance of the benefit corporation against a third-party standard. In addition, the annual benefit report must contain a narrative describing, among other things, the benefit corporation's performance in pursuing and creating public benefit and any circumstances that have hindered the benefit corporation in its pursuit of public benefit.

The Act is an exciting change in the corporate landscape as it provides enhanced legal protection for socially conscious companies looking to pursue a business model that accounts for the impact of its business practices on community, environment and society.

***

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Illinois Benefit Corporation How-To-Guide:
Incorporating as a Benefit Corporation Step-by-Step

October 2013

B Lab

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I. Introduction

This paper serves as a guide for benefit corporation law. This guide will help to introduce what the benefit corporation law is and will guide businesses through the process of incorporating as a benefit corporation as required by the Secretary of State. All legal matters should be consulted with a legal representative before any actions are taken. This tool is simply to educate companies who are interested in incorporating as a benefit corporation.

II. What is Benefit Corporation Law?

Before making the decision to incorporate as or switch to a benefit corporation, it is important to understand what the bill requires and if this is the right business form for your company. The benefit corporation law allows for the creation of a new and voluntary corporate entity that will allow businesses to consider profit as well as society and the environment. This form of incorporation allows a business to balance fiduciary duty between its shareholders and stakeholders. Currently, twenty (20) states including the District of Columbia have enacted benefit corporation law around the country. These states have passed benefit corporation laws to encourage business growth, provide options for entrepreneurs and to attract the sizable social impact investment community to create new opportunities for economic growth.

The corporate form consists of three main parts that are required for the entrepreneur/business owner to comply with in order to incorporate as a benefit corporation. These parts are as follows:

Purpose: Benefit corporations have a new purpose that differs from traditional corporations. While traditional corporations have the single duty to maximize profit, benefit corporations have the increased purpose of considering society and the environment in addition to seeking a profit.

1) The form requires that businesses incorporating as a benefit corporation must declare their commitment to creating general public benefit (defined as a "material, positive impact on society and the environment, taken as a whole, as assessed against a third-party standard, from the business and operations of a benefit corporation."), and in some cases may be required to declare a specific benefit that the business produces.
2) Conversion into and out of a benefit corporation form takes a supermajority vote of (2/3) of all classes of shareholders. This ensures a high level of agreement amongst the shareholders. (Especially relevant for businesses looking to amending articles of incorporation.)
3) Each business is required to assess itself by a third-party standard to ensure that the benefit corporation is creating a positive impact.

Accountability: To ensure business accountability to creating material positive impact, the benefit corporation form requires directors to consider society and the environment. Additionally, the form provides shareholders with a private right of action to ensure their social impact investments are functioning according to the new purpose. These are much like the accountability elements of traditional corporations, however they include the consideration of society and the environment in addition to profit.

Transparency: Benefit corporations are required to produce an annual Benefit Report, which is assessed against a third party standard. The statute describes the parameters of

ATTACHMENT 11

what to look for when picking a standard for the basis of the report. The benefit corporation statute also requires that annual benefit reports be made public and shared with shareholders. Finally, some states require that the benefit report be filed with or submitted to the state.

The brief description of the benefit corporation law above will help to lay a foundation for the steps explained in the following sections. These steps will cover the processes of incorporation/electing benefit corporation status as required by the Secretary of State to the procedures required from companies that are benefit corporations. This is a guide for incorporation and other requirements by the Secretary of State, and is not intended to stand as legal advice. For all legal advice please seek a lawyer or speak to your legal board. If you would like more information regarding what a Benefit Corporation is visit www.benefitcorp.net.

III. Incorporating as a Benefit Corporation?

Incorporating as a benefit corporation may change slightly from state-to-state, however this section will help businesses to think about, prepare and plan for the process of incorporating according to the requirements of the Secretary of State. The following is not meant to serve as legal advice and therefore all legal matters should be taken to a legal advisor. Before jumping into the incorporation process, there are two main questions for businesses looking to incorporate as a benefit corporation: (1) Is the business a newly formed entity? Or (2) is the business amending its Articles of Incorporation and becoming a benefit corporation? For those looking to incorporate for the first time, see the next section *IV. Newly Formed Benefit Corporations*. For those businesses looking to amend their articles of incorporation to be governed by the benefit corporation status, see section *V. Amending Articles of Incorporation.* Finally, if currently an LLC and can't become a corporation for certain circumstances such as tax reasons, you can include the benefit corporation statute provisions in your governing documents (see *V. Amending Articles of Incorporation*).

IV. Newly Formed Benefit Corporations

The steps for incorporating as a benefit corporation with the Secretary of State are much like the steps needed to establish any form of corporation. However, there are a few intricacies that are specific to the steps for incorporating as a benefit corporation. The following will help to walkthrough each step to ensure incorporation is done properly. Note that each state has a different process for incorporation and that legal assistance is recommended and sometimes required.

The following steps need to be taken in order to incorporate as a benefit corporation:

1) Articles of Incorporation – This form or letter must be filed with the Secretary of State in order to form a corporate entity.
    a. Fill out Form BCA 2.10. Include the following in the Articles in the order requested by the Secretary of State:
        i. Corporate Name
        ii. Authorized Shares Information
        iii. Purpose

iv. Must add this statement in purpose section: This corporation is a benefit corporation in accordance with the provisions of Article 2 of the Benefit Corporation Act and has a purpose of creating general public benefit. And can add a specific benefit as well.
v. Name and Address of Registered Agent
vi. Name(s) and Address(es) of Incorporator(s)
vii. Signatures of Incorporators, Registered Agent and any other parties involved

b. To ensure benefit corporation status when incorporating as a new entity the following two steps are required:

i. Must declare benefit corporation by adding this statement in purpose section:

"This corporation is a benefit corporation in accordance with the provisions of Article 2 of the Benefit Corporation Act and has a purpose of creating general public benefit. And can add a specific benefit as well."

May add any specific benefits as applicable.

2) Processing (*Application*) Fee $150.

3) Submit forms to Illinois Secretary of State

V. Amending Articles of Incorporation

Existing businesses that are interested in changing their existing articles of incorporation to a benefit corporation are allowed to do so by taking the following steps. The procedure will likely need a legal representative to ensure all taxation and the amending of articles is done correctly, therefore all legal decisions should be made with a legal advisor. The following will be a walkthrough guide of the process for amending your Articles of Incorporation:

1) Fill out BCA 10.03 to Amend Articles of Incorporation and submit to Secretary of State

2) Include a corporate purpose to create general public benefit, and any specific benefit when applicable which requires the business to write in the Text of Amendment section:

"The transaction of any or all lawful businesses for which corporations may be incorporated under the Illinois Business Corporation Act. This corporation is a benefit corporation in accordance with the provisions of Article 2 of the Benefit Corporation Act and has a purpose of creating general public benefit."

3) The decision to amend articles of incorporation is contingent upon a two-thirds/minimum vote by the board of directors and shareholders (legal advisement may be required)

For more in-depth legal advice and considerations see *How to Switch to Being a Benefit Corporation*.

VI. Further Benefit Corporation Considerations

ATTACHMENT 11

The benefit corporation statute also mandates certain activities that a benefit corporation will need to enact upon in order to operate as a benefit corporation. It also prescribes what action to take in certain situations. Each of these processes may vary from state-to-state however businesses incorporating as a benefit corporation should have an understanding of these processes before committing to this corporate form.

1) Filing Annual Reports – The benefit corporation statute requires that businesses incorporated as benefit corporations must assess their operations against a third-party standard and prepare an annual report. The benefit report must be shared with shareholders, made available to the public and be filed with the State Department (unless not mandated). Each state will have its own process on how filings should be processed.

   To prepare an annual benefit report use the following steps:

   a) Use a qualified third-party standard as a basis for your annual benefit report (More information and a list of third-party standards can be found at www.benefitcorp.net/selecting-a-third-party-standard)

   b) Use the results of that assessment to create a benefit report that states the following:

      a. A narrative description of:

         i. Process and rational for selecting and/or changing third-party standard

         ii. Ways in which the company pursued public benefit that amounted to general public benefit

         iii. Ways in which the company pursued a specific benefit

         iv. Any circumstances that have hindered the pursuit of creating general public benefit or specific benefit

      b. Third-Party Assessment of general social and environmental performance

         i. Must be consistent with original application or otherwise explained why not consistent

      c. Name of benefit director and benefit officer, if any, and contact address

      d. Compensation of Benefit Director and/or all directors

      e. Name of each person that owns 5% or more in shares

      f. Statement from director stating any connection with third-party standard and any information of restrictions or changes of the board

   c) Share finished annual benefit report with each shareholder (must be done within 120 days after end of fiscal year or at the same time that the benefit corporation delivers any other annual report to its shareholders)

   d) Make the benefit report public by posting on company website or have available copies to send to those who request it. Director compensation can be removed from publicly available documents.

*Note that each state has its own requirements for how the Benefit Report should be prepared and with whom it should be shared.

Community First Healthcare of Illinois, Inc.

September 25, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Re: Criterion 1130.520(b)(3), No Adverse Actions Certification

Dear Ms. Avery and Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin. Code § 1130.520(b)(3), that there have been no adverse actions taken against any facility owned or operated by Community First Healthcare of Illinois, Inc. during the three (3) years prior to the filing of this Certificate of Need.

Sincerely,

Edward J. Green
Principal
Community First Healthcare of Illinois, Inc.

SUBSCRIBED AND SWORN
to before me this 27 day
of September, 2014.

Notary Public

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

Community First Healthcare of Illinois, Inc.

September 25, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Re: Authorization to Access Information, Criterion 1110.230(a)(3)(C)

Dear Ms. Avery and Mr. Constantino:

Pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Illinois Health Facilities & Services Review Board (the "Board") and the Illinois Department of Public Health ("IDPH") to access all information necessary to verify any documentation or information submitted by Community First Healthcare of Illinois, Inc. with this application. I further authorize the Board and IDPH to obtain any additional documentation or information which the Board or IDPH finds pertinent and necessary to process this application.

Sincerely,

Edward J. Green
Principal
Community First Healthcare of Illinois, Inc.

SUBSCRIBED AND SWORN
to before me this 27 day
of September, 2014.

Notary Public

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

Section III
Attachment 12
Criterion 1110.230(b), Purpose of Project

Purpose Statement

Community First Healthcare of Illinois, Inc., an Illinois benefit corporation ("Community First"), hereby seeks a Certificate of Need from the Illinois Health Facilities and Services Review Board to allow consummation of a proposed transaction (the "Transaction") between Community First and Presence Our Lady of the Resurrection Medical Center, an Illinois not-for-profit corporation (POLR"), and Presence Health Network, an Illinois not-for-profit corporation (collectively, with POLR, the "Sellers"), whereby Community First would acquire Our Lady of Resurrection Medical Center (the "Hospital") from the Sellers pursuant to that certain Asset Purchase Agreement, dated September 16, 2014 (the "Asset Purchase Agreement"), a copy of which is attached at **ATTACHMENT 19**, for Ten Million Dollars ($10,000,000) in cash, cash equivalents and/or the retention of designated accounts receivable, as well as a capital commitment by Community First to fund and expend no less than Twenty Million Dollars ($20,000,000) for the benefit of the Hospital during the five years following the closing of the Transaction. The Transaction contemplates a 100% change in the ownership of the Hospital, a 299 licensed bed general acute care hospital located at 5645 West Addison Street, Chicago, Illinois, 60634.

Supporting Statements & Documentation

1. The Hospital was founded as Northwest Hospital in 1955 as a secular 33-bed community hospital located in Chicago's northwest side. In 1988, the Hospital became a Catholic hospital as part of Resurrection Health Care and in the same year the Hospital's name was changed to Our Lady of the Resurrection Medical Center. In 2011, with the merger of the Resurrection Health Care and Provena Health systems, the Hospital was renamed Presence Our Lady of Resurrection Medical Center.

2. Over the years, the Hospital evolved from a single story, community hospital to a block long campus. Not only has the Hospital grown significantly since its inception, it has also responded to the changing health care needs and the changing demographics in the community.

3. The Hospital's payor mix has also changed over the years. Today, nearly 70% of the Hospital's $110 million in annual revenues are derived from patients covered by Medicaid or Medicare.

4. The Hospital is incredibly important to its community with more than 46,000 annual emergency department visits.

5. The Hospital has experienced financial challenges over the past three years and has incurred operating losses since 2003.

6. As a result of these significant and continuing losses, Presence Health spent the greater part of a year considering its options, including, but not limited to, converting the Hospital to a specialty hospital, discontinuing some of the inpatient services at the Hospital and focusing on outpatient services, discontinuing all of the inpatient services at the Hospital and focusing on outpatient services, closing the Hospital, and/or selling the Hospital to a purchaser capable of investing significant resources into the Hospital and willing to serve the poor and uninsured.

Ultimately, Presence Health determined that a sale was in the best interests of the communities served by the Hospital and initiated a formal sale process in the Spring of 2014.

7. After a lengthy and well organized sale process, Community First was selected by Presence Health as the winning bidder in June of 2014. On June 27, 2014, Presence Health and the Sellers executed a letter of intent (the "LOI").

8. After the LOI was executed, Community First and Presence Health had a number of meetings with community leaders, the Hospital's employees, the Hospital's medical staff, and local political leaders to explain the strategic direction for the Hospital following the Transaction. To date, the responses have been positive.

9. On September 16, 2014, Community First and the Sellers executed the Asset Purchase Agreement. Pursuant to the terms of the Asset Purchase Agreement, Community First will acquire the Hospital for ten million dollars ($10,000,000) in cash, cash equivalents and/or the retention of designated accounts receivable, as well as a capital commitment by Community First to fund and expend no less than twenty million dollars ($20,000,000) for the benefit of the Hospital during the five years following the closing of the Transaction. (See Section 1.7(a)(v) of the Asset Purchase Agreement.) At this point, Community First is exploring the possibility of renovating and expanding the Hospital's Emergency Department (including a more defined Urgent Care/Quick Care section of the Emergency Department) and expanding the outpatient surgical services at the Hospital.

10. Community First has also obtained a $15,000,000 revolving line of credit from Muneris Capital Group to fund the Hospital's operations during the turnaround.

11. As part of the Transaction, Community First has also agreed to: (a) adopt the Hospital's current charity care policies and maintain these same charity care policies for no less than two years following the Transaction; (b) maintain the same levels of service to Medicaid patients for no less than two years following the Transaction; (c) maintain substantially the same number of beds at the Hospital for no less than one year following the Transaction; (d) maintain the same categories of service (as recognized by the Review Board) at the Hospital for no less than five years following the Transaction; (e) maintain the privileges of any currently credentialed physician (in good standing and meeting the Hospital's Medical Staff Bylaws, Rules and Regulations) on the Hospital's Medical Staff following the Transaction; (f) maintain the compensation structure (including any longevity credit, benefits, etc.) of the Hospital's employees following the Transaction; and (g) maintain ownership of the Hospital for no less than five years following the Transaction. (See Section 1.7 of the Asset Purchase Agreement for the complete list of the operational pledges that Community First has made pursuant to the Asset Purchase Agreement.)

12. Community First also intends to require its senior management staff to spend at least 3 hours per week in community outreach activities. This will enable Community First to focus on the needs of the communities currently served by the Hospital as outlined in the Hospital's 2013 Community Health Needs Assessment.

13. Community First will also establish a local board comprised of community members, physicians and others, to provide local input and oversight of services provided by or at the Hospital. The local board will include a Benefit Director whose qualifications and responsibilities will comply with the provisions of the Illinois Benefit Corporation Act. (See Section 1.7(a)(ix) of the Asset Purchase Agreement.)

14. This Project involves a change of ownership. Thus, the Hospital will remain open and will continue to provide access to health care to the communities served by the Hospital.

15. The Hospital is currently located in Health Service Area 6. Because this Project involves a change of ownership, the Health Service Area will not change.

Section III
Attachment 13
Criterion 1110.230(c), Alternatives to Proposed Project

Community First reviewed the following options: (i) incorporate Community First as a for-profit corporation and acquire the Hospital; (ii) do nothing; or (iii) incorporate Community First as an Illinois benefit corporation and acquire the Hospital.

Alternative #1: Incorporate Community First as a For-Profit Corporation

Having participated in more than 50 distressed transactions and turnarounds as professionals advising bidders and purchasers, the Principals of Community First are familiar with, and considered, every possible acquisition model before incorporating Community First as a benefit corporation. Hands down, the for-profit corporate or for-profit limited liability company structure is the most common acquisition vehicle used when purchasers acquire distressed healthcare facilities.

In this case, the Principals of Community First were very concerned that the typical for-profit corporate structure would prevent a complete turnaround at the Hospital. Unlike a benefit corporation, the officers and directors of a for-profit corporation have a fiduciary duty to maximize the returns available to its shareholders. Candidly, a turnaround of this magnitude would likely fail if the officers and directors of Community First had to put the interests of the Community First shareholders ahead of the interests of the community, the medical staff and the employees. Accordingly, this option was rejected.

Alternative #2: Do Nothing

Although most applicants routinely list the "Do Nothing" option as filler in their applications, the Principals of Community First really did weigh the pros and cons of "doing nothing" versus "doing something." The Hospital has the three elements that are needed for a successful turnaround: an incredibly loyal medical staff, dedicated employees, and a community that clearly supports the Hospital. Thus, in this case, "Do Nothing" just did not seem right.

Alternative #3: : Incorporate Community First as a Benefit Corporation

In the final analysis, the Principals of Community First elected to incorporate Community First as a benefit corporation. The benefit corporation will allow the officers and directors of the Hospital to put the interests of the community first, thereby creating an environment for a long term turnaround of the Hospital. And hopefully, this model will prove so successful that future purchasers of distressed healthcare facilities will consider the benefit corporation as an appropriate acquisition vehicle.

Section VI
Attachment 19
Criterion 1110.240, Mergers, Consolidations and Acquisitions/Changes of Ownership

Criterion 1120.240(b), Impact Statement

1. Transaction Documents. The executed Asset Purchase Agreement (the "Asset Purchase Agreement") between Community First Healthcare of Illinois, Inc., an Illinois benefit corporation ("Community First"), and Presence Our Lady of the Resurrection Medical Center, an Illinois not-for-profit corporation (POLR"), and Presence Health Network, an Illinois not-for-profit corporation (collectively, with POLR, the "Sellers"), is attached at **ATTACHMENT 19**. The Asset Purchase Agreement contains the appropriate contingency language regarding approval by the Review Board. See Sections 7.2, 8.6 and 9.2 of the Asset Purchase Agreement.

2. Services Currently Offered. The Hospital is currently licensed as a general acute care hospital. Following the Transaction, the Hospital will continue to be licensed as a general acute care hospital. In addition, Community First has agreed to: (a) maintain substantially the same number of beds at the Hospital for no less than one year following the Transaction; and (b) maintain the same categories of service (as recognized by the Review Board) at the Hospital for no less than five years following the Transaction. See Section 1.7(a)(ii) of the Asset Purchase Agreement.

3. Operating Entity. Community First Healthcare of Illinois, Inc., will be the operating entity following the Transaction.

4. Reason for Transaction. The Sellers have indicated a desire to sell the Hospital and Community First has indicated a desire to purchase the Hospital.

5. Anticipated Additions or Reductions of Employees. Other than in the ordinary course of business, there will be no reductions in the number of employees at the Hospital as a result of the Transaction. In addition, Community First has agreed to maintain the compensation structure (including any longevity credit, benefits, etc.) of the Hospital's employees following the Transaction.

6. Cost-Benefit Analysis. This is an arms length financial transaction between Community First and the Sellers. Under the terms of the Transaction, Community First will purchase the Hospital for $10,000,000 in cash, cash equivalents and/or the retention of designated accounts receivable, as well as a capital commitment by Community First to fund and expend no less than $20,000,000 for the benefit of the Hospital during the five years following the closing of the Transaction. The Sellers, prior to initiating the sales process, engaged Crowe Horwath to prepare a valuation of the Hospital (the "Valuation"). The Valuation listed the fair market value of the Hospital (as a going concern) at $22,350,000. A copy of the Valuation is attached at **ATTACHMENT 19**. Thus, the $30,000,000 in consideration offered by Community First for the Hospital exceeds the fair market value of the Hospital.

Criterion 1120.240(c), Access

1. Current Admissions Policy. A copy of the current admissions policy for the Hospital is attached at **ATTACHMENT 19**.

2. Proposed Admissions Policy. Community First intends to maintain the current admissions policy for the Hospital following the Transaction.

3. Admissions Policy Certification. An affidavit from Mr. Green certifying that the admission policies at the Hospital will not become more restrictive following the Transaction is attached at **ATTACHMENT 19**.

Criterion 1120.240(d), Health Care System

This criterion is not applicable to the Transaction because Community First is not part of a health care system.

ASSET PURCHASE AGREEMENT

by and among

Presence Our Lady of the Resurrection Medical Center
and Presence Health Network,
each an Illinois not-for-profit corporation

and

Community First Healthcare of Illinois, Inc.,
an Illinois benefit corporation

DATED: September 16, 2014

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ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this "**Agreement**") is made and entered into as of the 16th day of September, 2014 (the "**Execution Date**") by and among **Presence Our Lady of the Resurrection Medical Center**, an Illinois not-for-profit corporation ("**POLR**"), and **Presence Health Network**, an Illinois not-for-profit corporation ("**PHN**"), (PHN and POLR are referred to herein collectively as "**Sellers**"), and **Community First Healthcare of Illinois, Inc.**, an Illinois benefit corporation ("**Purchaser**"), on the other hand. The Sellers and the Purchaser may each be referred to individually as a "**Party**" and collectively as the "**Parties.**"

RECITALS:

A. The Sellers, together with certain affiliates, deliver health care and related services to the public in connection with the acute care hospital known as Presence Our Lady of the Resurrection Medical Center (the "**Hospital**") located at 5645 W. Addison Street in Chicago, and its campus, as depicted on Exhibit A.

B. The Purchaser is in the business of owning and operating health care facilities and related businesses and desires to purchase from the Sellers, and the Sellers desire to sell to the Purchaser, substantially all of the Acquired Assets (as defined below) used in the operation of the Hospital, for the consideration and upon the terms and conditions contained in this Agreement.

C. The Purchaser is committed to serving the health needs of the residents of Cook County, Illinois, and the communities served by the Hospital, and in furtherance thereof, the Parties have determined that the needs of such communities will be promoted by the Purchaser's acquisition of the Hospital on the terms set forth herein. Purchaser shall be accountable for its operations and provision of benefit as set forth in the Illinois Benefit Corporation Act, 805 Ill. Comp. Stat. 40/1, *et seq.*

NOW, THEREFORE, in consideration of the foregoing premises (which are hereby made a part of this Agreement) and the mutual promises and covenants contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, and for their mutual reliance, the Parties agree as follows:

ARTICLE 1
TRANSACTION TERMS

1.1 Transfer of the Sellers Assets. On the Closing Date, except as set forth in Section 1.2, the Sellers shall assign, transfer, convey and deliver to the Purchaser, and the Purchaser shall acquire, effective at the Effective Date, all of POLR's right, title and interest in and to all of the assets owned or used by it in connection with operation of the Hospital and all right, title and interest of PHN in those assets used exclusively or primarily by it in connection with the operation of the Hospital, including, without limitation, the following assets and properties (collectively, the "**Acquired Assets**"):

(a) All of the land, buildings and other real property otherwise comprising the campus of the Hospital, including hospital building, professional office building, outpatient building and radiology center, administrative buildings, parking garage, parking lots and other real property primarily associated or used with respect to the operation of the Hospital, including the real property described in Schedule 1.1(a) (such description to include a PIN number and street address), together with all improvements and fixtures located thereupon and all construction in progress, rights, privileges and appurtenances thereto (collectively, the "**Owned Real Property**"), provided that the Owned Real Property included in the Acquired Assets shall not include the property listed on Schedule 1.2(f);

(b) All leasehold interests of the Sellers related to the operation of the Hospital described in Schedule 1.1(b), together with all buildings, improvements and fixtures located thereupon and all construction in progress, rights, privileges and appurtenances thereto (the "**Leased Real Property**") (the Owned Real Property and the Leased Real Property are collectively referred to in this Agreement as the "**Real Property**");

(c) All of the tangible personal property owned by the Sellers with respect to the operation of the Hospital, including all medical and other equipment, furniture, fixtures, machinery, vehicles, office furnishings, and leasehold improvements (the "**Personal Property**");

(d) All of the Sellers' rights, to the extent assignable or transferable, to all licenses, provider numbers issued by governmental bodies, permits, approvals, certificates of need or exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued to the Sellers with respect to the ownership of the Acquired Assets and the operation of the Hospital (the "**Licenses**");

(e) All of the Sellers' interest, to the extent assignable or transferable, in and to all real property leases for which a Seller is the landlord (the "**Seller Leases**") and the personal property leases (the "**Personal Property Leases**") with respect to the operation of the Hospital (the Seller Leases and the Personal Property Leases are collectively referred to as the "**Leases**"), a list and copies of which shall have been provided to Purchaser prior to the Closing Date;

(f) All of the Sellers' interest, to the extent assignable or transferable, in and to all contracts and agreements (including, but not limited to, purchase orders) with respect to the ownership of the Acquired Assets and the operation of the Hospital that are agreed in writing by the Parties prior to the Closing Date as being assigned to and assumed by the Purchaser (collectively, along with the Leases, the "**Assumed Contracts**"); provided, however, the term Assumed Contracts as used in this Agreement shall exclude, subject to Section 11.3: (i) any multi-facility contracts as to which the Hospital and one or more of the Sellers' or the Sellers' affiliates' other acute care hospitals participate (the "**Multi-Facility Contracts**") except to the extent it is feasible to assign the portion of such contracts pertaining to the Hospital, as more particularly described on the list of Assumed Contracts; or (ii) any contracts to which any of the Sellers are a party used in connection with the Acquired Assets and that are identified by Sellers as excluded as set forth on the list of Assumed Contracts (the "**Other Excluded Contracts**") (the Multi-Facility Contracts and the Other Excluded Contracts collectively are referred to as the "**Excluded Contracts**");

(g) All documents, records and files with respect to the operation of the Hospital, including, without limitation, all patient records, medical records, employee records related to the Hired Employees (except portions of such records protected by law or contract), financial and billing records with respect to the operation of the Hospital, equipment records, construction plans and specifications, and medical and administrative libraries, but exclusive of any documents and information contained in, or any software or systems to operate, the email system maintained by the Sellers (other than emails for designated employees or employee categories, for a period agreed to in writing by the Parties prior to the Closing Date and needed for ongoing operations and not constituting privileged or confidential information of Sellers), or that contain privileged, competitively sensitive or proprietary information pertaining to PHN, and not pertinent to the operations of the Hospital after the Closing Date;

(h) To the extent assignable, all rights in all warranties of any manufacturer or vendor in connection with the Personal Property;

(i) The retail pharmacy operations located in the professional office building adjacent to the Hospital and known as "Addison Central Pharmacy" (the "**Pharmacy**");

(j) All advance payments, prepayments, prepaid expenses (exclusive of prepayments on insurance policies and Excluded Contracts), deposits and the like that exist as of the Closing Date, subject to the prorations provided in Section 2.3 of this Agreement, which were made with respect to the operation of the Hospital (the "**Prepaids**");

(k) Except for items bearing any of Sellers' or related names or marks as referenced in Section 1.2(l), or otherwise agreed to be excluded in writing by the Parties prior to the Closing Date, all usable inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables located at the Hospital, or used with respect to the operation of the Hospital as existent as of the Closing Date, subject to any dispositions or use in the normal course of business (the "**Inventory**");

(l) Except as excluded by Section 1.2, or otherwise agreed in writing by the Parties prior to the Closing Date, all claims, accounts and other receivables, existing and unpaid as of the Effective Date arising from the rendering of services to inpatients and outpatients at the Hospital, whether billed or unbilled, recorded or unrecorded, and whether payable by private pay patients, private insurance, third party payors, Medicare, Medicaid, TRICARE, Blue Cross, or by any other source (collectively, the "**Accounts Receivable**") excluding any claims for payment or accounts that have been written off as bad debt or have a zero balance as of the Effective Date;

(m) Underpayments determined after the Closing Date to be due from Medicare through the conduct of Medicare's Recovery Audit Program and any underpayments determined to be due from the State of Illinois through program audits or reviews conducted by the Illinois Department of Healthcare and Family Services, related to Medicare or Medicaid payments received by Sellers in any period prior to the Effective Date; and

(n) Except as agreed in writing by the Parties prior to the Closing Date, (i) all computer hardware and data processing equipment located at the Hospital, and (ii) computer

software and programs run on such hardware or equipment, solely to the extent the licenses for such software and programs are fully paid and there are no prohibitions on transfer, or for which all required license or transfer fees;

(o) All claims of Sellers (whether known or unknown, contingent or otherwise) against third parties (other than affiliates of Sellers) with respect to the service and/or maintenance of any tangible Acquired Assets arising after the Execution Date and prior to the Effective Date, other than those claims as to which Sellers have a right to money damages based on a prior expenditure of money with respect to any such tangible Acquired Assets;

(p) Telephone numbers used exclusively with respect to the operation of the Hospital and the Acquired Assets;

(q) All goodwill associated with the Hospital and any of the other Acquired Assets; and

(r) Other categories of current assets of the Hospital as agreed in writing by the Parties prior to the Closing Date (the "**Other Acquired Assets**"); **provided, however**, that the Acquired Assets shall not include the Excluded Assets, as defined in Section 1.2 below.

1.2 Excluded Assets. Notwithstanding anything to the contrary in Section 1.1, the Sellers shall retain the following assets of the Sellers (collectively, the "**Excluded Assets**"):

(a) All religious artifacts and symbols in or at the Hospital or otherwise located on the Real Property;

(b) Cash, cash equivalents and investments;

(c) Sellers' interest in the Alverno Clinical Laboratory joint venture;

(d) Value of intercompany receivables on Sellers' financial statements that are noted as "due from parent and affiliates" within the PHN system to the extent that involve or impact the Hospital;

(e) All bequests, grants and donations to or on behalf of the Hospital that are or were made in reliance on an assumption that the Hospital corporation was exempt under Section 501(c)(3), whether known or unknown or fulfilled as of the Closing Date;

(f) The residential real property and Sellers' child care facility and related property identified on Schedule 1.2(f), subject to the option to purchase the child care center property and selected residential real estate parcels at fair market value as described in Section 11.6;

(g) All Accounts Receivable agreed by the Parties to be retained by Sellers pursuant to Section 2.1;

(h) The balance of any loans made by Sellers prior to Effective Date that are subject to repayment or forgiveness and that were made to Hired Employees in connection with

tuition for nursing, health information management or other degree programs at Resurrection University;

(i) All of the Sellers' or any affiliate of the Sellers' proprietary manuals, policy and procedure manuals, standard operating procedures, protocols, data and studies or analyses (except to the extent included under a Clinical Integration and Affiliation Agreement or as otherwise agreed by the Parties in writing prior to the Closing Date);

(j) Any and all names, tradenames, trademarks, symbols or world-wide web addresses associated with the Sellers or the Sellers' affiliates, including, but not limited to, "Presence," "Our Lady of the Resurrection," the PHN design and logo, "presencehealth.org" and the content therein, and, with respect to any of the foregoing, all abbreviations and variations thereof, and trademarks, trade names, service marks, copyrights and any applications therefor, symbols and logos related thereto, together with any promotional material, stationery, supplies or other items of inventory to the extent bearing such names or symbols or abbreviations or variations thereof;

(k) The Excluded Contracts and any rights under or prepaid expenses related thereto;

(l) All Inventory of items bearing the Presence Health name or logo, and other inventory as identified and agreed in writing by the Parties prior to the Closing Date;

(m) Any current assets of the Sellers with respect to the operation of the Hospital that are not Acquired Assets, including any cost report settlements for periods prior to the Effective Date;

(n) Any real property other than that referenced on Schedule 1.1(a);

(o) Assets owned and provided by vendors of services or goods to the Hospital;

(p) All claims, rights, interests and proceeds with respect to state or local tax refunds (including but not limited to property tax) resulting from periods prior to the Effective Date, and the right to pursue appeals of same;

(q) All of the Sellers' corporate record books and minute books;

(r) All unclaimed property of any third party which is subject to applicable escheat laws;

(s) All claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by the Sellers to any third party with respect to periods prior to the Effective Date (*e.g.*, such overpaid amounts may be determined by billing audits undertaken by the Sellers or the Sellers' consultants);

(t) All bank, custodial, escrow and investment accounts of the Sellers, and all deposits with governmental entities unrelated to any Assumed Liabilities;

(u) All rights, claims and choses in action of the Sellers and their affiliates with respect to periods prior to the Effective Date, and any payments, awards or other proceeds resulting therefrom (except to the extent necessary to assert any rights, claims or counter-claims regarding any Assumed Liabilities);

(v) All writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection, or contain competitively sensitive or proprietary information pertaining to PHN and not pertinent to the operations of the Hospital after the Closing Date;

(w) Any receipts relating to the Seller Cost Reports or Agency Settlements (whether resulting from an appeal by the Sellers or otherwise) which correspond to amounts which the Sellers previously paid to the applicable payor (or which the Sellers paid to the Purchaser as reimbursement for amounts which the Purchaser was required to pay the applicable payor) with respect to time periods prior to the Effective Date;

(x) All right to bonus or incentive payments from any governmental, managed care or other payor relating to the meeting of specified goals or benchmarks in connection with healthcare services provided prior to the Effective Date;

(y) Any assets of PHN or any of its affiliates other than the Sellers that are not specified as included among the Acquired Assets (and which assets are not integral to the operations of the Hospital or reflected on the books of the Sellers), and such other assets agreed to in writing by the Parties prior to the Closing Date.

1.3 Assumed Liabilities. On the Closing Date, the Sellers shall assign, and the Purchaser shall assume and agree to discharge on and after the Effective Date, the following liabilities and obligations of the Sellers (collectively, the "**Assumed Liabilities**"):

(a) The Assumed Contracts, subject to third-party consent to assignment, as applicable, and only to the extent of the obligations arising thereunder with respect to events or periods arising on and after the Effective Date;

(b) Liabilities under any assumed managed care agreement or other Assumed Contract to refund any amounts paid by the other contracting party relating to any assumed Accounts Receivable, as part of a required reconciliation or other process, except as otherwise agreed in writing by the Parties prior to the Closing Date;

(c) Any and all obligations of the Sellers to the Hired Employees under the Worker Adjustment and Retraining Notification Act (and any state-equivalent statute) (collectively, "**WARN**") with respect to the operation of the Hospital as a result of: (i) the consummation of the transaction contemplated by this Agreement (provided that the Sellers have, with respect to the operation of the Hospital, complied with WARN prior to the Effective Date); (ii) the acts of the Purchaser or any affiliate(s) of the Purchaser on and after the Effective Date (taking into account, or otherwise including, any employee terminations prior to the Effective Date); or (iii) the Purchaser's breach of its covenant with respect to the Hired Employees as set forth in Section 7.3;

(d) The accrued paid time off for the Hired Employees, together with the associated employer tax liabilities (*e.g.*, FICA and Medicare health insurance and other employer withholdings as of the Closing Date) (the "**Accrued PTO**") and the amount of extended illness bank obligations (the "**Accrued EIB**") of the Sellers to the Hired Employees as of the most recent pay period ending immediately prior to the Closing Date; provided that the reasonably estimated cost of which (as agreed by the Parties) shall be calculated as of the Closing Date and will be offset as an adjustment to the Cash Purchase Payment or paid by Sellers to Purchaser to the extent agreed by the Parties;

(e) Overpayments determined after the Closing Date to be due and that relate to any payments made for healthcare services billed by the Hospital and included in Accounts Receivable assumed by Purchaser at Closing;

(f) The tuition reimbursement commitments to the Hired Employees in existence as of the Closing Date, as agreed to in writing by the Parties, including loan forgiveness commitments for employees in the process of completing a course of study leading to a degree at Resurrection University, provided that such employees continues to or return to work at the Hospital;

(g) All unpaid real and personal property taxes, if any, not past due and attributable to the Acquired Assets prior to the Effective Date, subject to the prorations provided in Section 2.3;

(h) All amounts not past due for all utilities being furnished to the Acquired Assets, subject to the prorations provided in Section 2.3;

(i) All current liabilities of the Sellers with respect to the operation of the Hospital prior to the Effective Date, including accounts payable, accrued expenses and accrued payroll in existence and reflected on the books of the Hospital as of the Closing Date; and

(j) Any other obligations and liabilities agreed to in writing by the Parties prior to the Closing Date ("**Other Assumed Liabilities**").

1.4 Excluded Liabilities. Except to the extent specified in Section 1.3, or otherwise agreed in writing by the Parties, the Purchaser shall not assume or become responsible for any of the Sellers' duties, obligations or liabilities other than those specified to be assumed by the Purchaser pursuant to the terms of this Agreement, the Bills of Sale or the Real Estate Assignments (the "**Excluded Liabilities**"), and the Sellers shall remain fully and solely responsible for all of the Sellers' debts, liabilities, contract obligations, expenses, obligations and claims of any nature whatsoever related to the Acquired Assets or the Hospital unless assumed by the Purchaser under this Agreement, in the Bills of Sale or in the Real Estate Assignments. The Excluded Liabilities shall include, without limitation:

(a) All liabilities of the Sellers arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation of the Hospital or any of the Acquired Assets prior to the Effective Date;

(b) All intercompany liabilities of the Sellers with any of the Sellers' affiliates, other than those relating to medical or other direct services provided by Seller or any of Sellers' affiliates on fair market terms or liabilities relating to operation or ownership of the Hospital or the Accrued PTO or Accrued EIB, and other assumed employee-related liabilities agreed to in writing by the Parties prior to the Closing Date;

(c) All liabilities of the Sellers in connection with proceedings, claims, causes of actions, including claims of professional malpractice, general liability, property damage and workers' compensation, to the extent arising out of or relating to acts, omissions, events or occurrences prior to the Effective Date;

(d) All liabilities of the Sellers determined pursuant to the Seller Cost Reports, except any such liabilities pertaining to Accounts Receivable assumed by Purchaser at Closing;

(e) All liabilities of the Sellers for violations of any law, regulation or rule to the extent arising from acts or omissions prior to the Effective Date, including, without limitation, those pertaining to claims filed with Medicare and Medicaid and included in the Assumed Assets or Assumed Liabilities;

(f) All liabilities and obligations of Sellers in respect of periods prior to the Effective Date arising under the terms of the Medicare, Medicaid, Blue Cross, or other third party payor programs except for any such liabilities pertaining to Accounts Receivable acquired by Purchaser at Closing, and as otherwise agreed in writing by the Parties prior to the Closing Date;

(g) Subject to Section 2.3, all federal, state, foreign or local tax liabilities or obligations of Sellers in respect of periods ending prior to the Effective Date, including, without limitation, any income tax, any franchise tax, any sales and/or use tax, and any FICA, FUTA, workers' compensation and any and all other taxes due and payable as a result of the exercise by the Hired Employees of such employees' right to paid time off benefits accrued while in the employ of the Sellers;

(h) Other than as specifically included in the Assumed Liabilities, all liability for any and all claims by or on behalf of the Sellers' employees to the extent such liability relates to the period ending prior to the Effective Date, including, without limitation, liability relating to such time period for: (i) any pension, profit sharing, deferred compensation or any other employee health and welfare benefit plans; (ii) any EEOC claim, wage and hour claim, unemployment compensation claim or workers' compensation claim; and (iii) all employee wages and benefits, including taxes or other liabilities related thereto in respect of the Sellers' employees;

(i) All liabilities and obligations to retired and former employees of the Hospital, including health and welfare benefits;

(j) Any and all obligations to the Retained Employees under WARN as a result of the acts of the Sellers or any affiliate(s) of the Sellers on or after the Effective Date;

(k) All liabilities or obligations (without regard to when such liability or obligation is actually due and/or payable by the Sellers) arising out of any breach by the Sellers prior to the Effective Date of any Lease or Assumed Contract, but only with respect to the period from the date of the breach through the Closing Date;

(l) All liabilities of the Sellers under the Excluded Contracts;

(m) All liabilities of the Sellers to the Hired Employees with respect to any pension liabilities and other deferred compensation liabilities as of the Closing Date;

(n) All liabilities of the Sellers under the Seller Plans, and all administrative costs associated with the Seller Plans;

(o) Liabilities or obligations arising from any and all indebtedness of Sellers for borrowed money, including all obligations pursuant to or related to any long-term debt instruments pertaining to the Sellers or the Hospital, including tax-exempt debt (the "**Long-Term Debt**");

(p) Liabilities or obligations under the Hill-Burton Act or other restricted grant or loan programs with respect to restricted grants or loans made prior to the Effective Date;

(q) All liabilities of the Sellers for commissions or fees owed to any finder or broker in connection with the transactions contemplated hereunder; and

(r) Any other liability, obligation, governmental overpayment, claim against or contract of any Seller, any affiliate of any Seller or the Hospital of any kind or nature, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, and whether or not recorded on the books and records of any Seller or any affiliate of any Seller, arising out of any event occurring prior to the Effective Date, unless such liability, obligation, claim or contract is expressly assumed by the Purchaser pursuant to the terms of this Agreement, the Bills of Sale or the Real Estate Assignments.

1.5 Disclaimer of Warranties. Except as expressly set forth in Article 4 hereof, the Acquired Assets consisting of Real Property, the Personal Property and the Inventory transferred to the Purchaser will be sold by the Sellers and purchased by the Purchaser in their physical condition at the Effective Date, "AS IS, WHERE IS AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS" WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, with respect to the Real Property, land, buildings and improvements, and WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, with respect to the physical condition of the Personal Property and Inventory, any and all of which warranties (both express and implied) the Sellers hereby disclaim. All of the foregoing real and personal property shall be further subject to normal wear and tear on the land, buildings, improvements and equipment and normal and customary use of the inventory and supplies in the ordinary course of business up to the Effective Date.

1.6 Risk of Loss. The risk of loss or damage to any of the Acquired Assets shall remain with the Sellers through the Closing Date and the Sellers shall maintain their insurance policies and programs covering the Acquired Assets through the Effective Date.

1.7 Operational Pledges

(a) Operational Pledges of Seller. The Purchaser is committed to continuing the services, outreach, education and advocacy efforts provided by the Hospital in the culturally diverse communities it serves, and supporting the many programs and services currently offered by the Hospital to meet the needs of and improve access to health care in its communities, as of and after the Effective Date. In furtherance of such operational goals, the Purchaser pledges the following:

(i) *Prohibited Procedures.* The Hospital shall not engage in elective abortions.

(ii) *Maintenance of Acute Care Operations.* Purchaser will continue to operate the Hospital as a general acute care hospital, inclusive of all current service lines (as defined by the IHFSRB), for at least five (5) years after the Closing Date. Purchaser will also maintain substantially the same number of beds at the Hospital for at least one (1) year after the Closing Date.

(iii) *Chaplaincy Services.* Purchaser shall continue to maintain a chaplaincy program to meet the spiritual needs of employees, patients and families, including assuring the availability of needed Catholic sacramental services that may only be provided by priests, through appropriate on-call and contractual arrangements.

(iv) *Limitations on Future Sale.* Purchaser agrees to maintain ownership of the Hospital (other than transfer to wholly-controlled or controlling affiliates) for five (5) years after Closing.

(v) *Capital Commitment.* Purchaser commits to fund and expend Twenty Million Dollars ($20,000,000) at or for the benefit of the Hospital during the five (5) years after the Closing Date ("**Capital Commitment**"). Purchaser shall subordinate any and all management fees and distributions until the Capital Commitment has been fully funded or expended.

(vi) *Participation in Clinical Integration and Accountable Care Programs.* Purchaser agrees that it will participate in all clinical integration/ACO contracts of which Presence Health Partners or other affiliates (including its affiliated Accountable Care Entity (ACE) joint venture for managed Medicaid services) has entered into with managed care companies, employers or other entities to the extent the Hospital is an eligible and appropriate participant (in terms of network geography and service lines, and in accordance with applicable antitrust laws).

(vii) *Continuation of Graduate Medical Education Activities.* Purchaser shall maintain existing graduate medical education activities, including residency programs and rotations, consistent with historical practices, for at least two (2) years after Closing.

(viii) *Maintenance of Electronic Medical Records.* Purchaser shall cause the Hospital to continue to use EPIC or make alternative arrangements for a comparable electronic health records system to be maintained and used by the Hospital.

(ix) *Community Board.* Purchaser will establish a local board comprised of community members, physicians and others, to provide local input and oversight of services provided by or at the Hospital. Such Board will include a Benefit Director whose qualifications and responsibilities will comply with the provisions of the Illinois Benefit Corporation Act.

(x) *Charity Care and Medicaid.* For the first two (2) years after the Closing Date, Purchaser will assure that the Hospital provides at least the same level of (1) need-based charity care discounts, and (2) service to Medicaid patients, as were provided by the Hospital in calendar year 2013. Purchaser will also for such two-year period adhere to and comply with the Hospital's existing policies regarding indigent and charity care; provided, however, no such policy or changes thereto shall result in a policy less favorable than that in effect at the Hospital immediately prior to the Closing Date.

(xi) *Medical Staff.* To ensure continuity of care in the community, the Hospital's medical staff members in good standing immediately prior to the Closing Date will maintain medical staff privileges at the Hospital, subject to the Hospital's medical staff bylaws then in effect, as amended from time to time.

(xii) *Community Benefits.* Purchaser is committed to continuing the outreach, education and advocacy efforts provided by the Hospital in the culturally diverse community it serves, and supports, and in all material respects will continue to support, the many community benefit programs and services currently offered by the Hospital to meet the needs of and improve access to health care in those communities, including maintenance of existing relationships with area Federally Qualified Health Centers.

(b) Restrictive Covenants of Sellers

(i) *Sellers.* PHN is the system parent corporation of a network of providers and entities that own and operate a health care system which includes hospitals, clinics, physician offices and other ambulatory care facilities (the "**Presence Health system**"). The Parties acknowledge that the service area of certain hospitals within the PHN System overlap with that of the Hospital, as set forth on Exhibit B (the "**Shared Service Area**"). PHN hereby covenants that other than with respect to any Presence Health hospitals existing as of the Effective Date, neither PHN nor any affiliate shall, for a period of two (2) years after the Closing Date, directly or indirectly, except as a consultant or contractor to or of Purchaser (or any affiliate of Purchaser), own, lease, manage, operate, control, or participate in any manner with the ownership, leasing, management, operation or control of an inpatient hospital facility within the Shared Service Area, including but not limited to a general acute care hospital or specialty hospital (any of such uses being referred to herein as a "**Competing Business**"), without Purchaser's prior written consent (which Purchaser may withhold in its sole and absolute discretion). In no event shall Sellers encourage the members of the Hospital medical staff to discontinue with medical staff membership at the Hospital.

(ii) Notwithstanding anything to the contrary contained in Section 1.7(b)(i), Sellers may own, lease, manage, operate, control, or participate in any manner with the ownership, leasing, management, operation or control of any business within the Shared Service Area that provides ambulatory health services, including physician offices, clinics, and diagnostic centers (each an "**Ambulatory Business**"); provided that, other than Ambulatory Businesses within the Presence Health system existing as of the Closing Date, any such Ambulatory Business is located outside of a one-mile radius of the Hospital.

(iii) In the event of a breach of Section 1.7(b)(i) or Section 1.7(b)(ii), the Parties recognize that monetary damages shall be inadequate to compensation and that Purchaser shall be entitled, without the posting of a bond or similar security, to an injunction restraining a breach by Sellers. Nothing contained herein shall be construed as prohibiting Purchaser from pursuing any other remedy available to it for such breach or threatened breach. All Parties hereto hereby acknowledge the necessity of the protections afforded by this Section 1.7(b) and that the nature and scope of such protection has been carefully considered by the Parties. The Parties further acknowledge and agree that the covenants and provisions of this Section 1.7(b) form part of the consideration under this Agreement and are among the inducements for the Parties to enter into and consummate the transactions contemplated herein. The limits of the Shared Service Area and the location limitations described in Section 1.7(b)(ii) are expressly represented and agreed to be fair, reasonable and necessary. The consideration provided for herein is deemed to be sufficient and adequate to compensate for agreeing to the restrictions contained in this Section 1.7(b). If, however, any court determines that the foregoing restrictions are not reasonable, such restrictions shall be modified, rewritten or interpreted to include as much of their nature and scope as will render them enforceable.

ARTICLE 2
CONSIDERATION

2.1 Purchase Payment. Subject to the terms and conditions of this Agreement, the aggregate payment to be paid by the Purchaser to the Sellers for the purchase of the Acquired Assets shall be Ten Million Dollars ($10,000,000) (the "**Cash Purchase Payment**"), plus or minus appropriate adjustments and payments agreed to by the Parties, including adjustments for: (i) the value of the Accrued Paid Time Off and EIB (with value reflecting historical usage); and (ii) adjustments for prorations and utilities as set forth in Section 2.2. The Cash Purchase Payment will be made in cash, cash equivalents and/or retention of designated Accounts Receivable, as agreed by the Parties.

2.2 Prorations and Utilities. Purchaser and the Sellers shall prorate (as of the Effective Date), if applicable, Lease payments (or receipts, as applicable), prepaid assets, real estate taxes, assessments and other similar charges against the Real Property, plus all other income and expenses which are normally prorated upon the sale of assets of a going concern. As to power and utility charges, final readings as of the Closing Date shall be ordered from the utility companies; the cost of obtaining such final readings, if any, to be paid for equally by Sellers, on the one hand, and by the Purchaser, on the other hand.

2.3 Termination Fees

(a) On the Execution Date, Purchaser shall deposit Five Hundred Thousand ($500,000) into an escrow account maintained at Chicago Title & Trust or a federally insured bank acceptable to PHN (the "**Purchaser Deposit**"), pursuant to an Escrow Agreement agreed to and executed by the Parties. The Purchaser Deposit shall be:

(i) Returned to Purchaser at Closing, if the Closing occurs no later than December 31, 2014, except to the extent the Parties have agreed in writing that all or some of such deposit amount shall be used to offset amounts owed to Sellers at Closing;

(ii) Returned to Purchaser upon the effective date of a termination fee becoming due and owing by Sellers to Purchaser as set forth in Section 2.3(b); or

(iii) Retained by PHN as a termination fee: (A) in the event of a termination of this Agreement by Sellers pursuant to Section 10.1(b) of this Agreement; (B) if Purchaser fails to close by December 31, 2014 (or later date agreed to in writing by the Parties), despite all of Purchaser's conditions to Closing set forth at Article 9 having been satisfied on or prior to such designated Closing Date, unless Purchaser's failure to close is primarily due to acts or omissions of Sellers; or (C) if Closing does not occur by December 31, 2014 (or later date agreed to in writing by the parties), primarily as a result of Purchaser's failure to diligently pursue satisfaction of conditions to Closing as set forth in Article 9, to the extent such matters were under Purchaser's control.

(b) In any of the following circumstances: (A) termination of this Agreement by Purchaser pursuant to Section 10.1(c) of this Agreement; (B) if Sellers fail to close by December 31, 2014 (or later date agreed to in writing by the Parties), despite all of Sellers' conditions to Closing set forth at Article 8 having been satisfied on or prior to such designated Closing Date, unless Sellers' failure to close is primarily due to acts or omissions of Purchaser; or (C) if Closing does not occur by December 31, 2014 (or later date agreed to in writing by the parties), primarily as a result of Sellers' failure to diligently pursue satisfaction of conditions to Closing as set forth in Article 8, to the extent such matters were under Sellers' control, Sellers shall pay Purchaser a termination fee equal to Five Hundred Thousand Dollars ($500,000).

ARTICLE 3
CLOSING

3.1 Closing Date. The consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place at 9:00 a.m. on December 1, 2014, at the offices of McDermott Will & Emery LLP, 227 W. Monroe Street, Chicago, Illinois 60606, or such other date, time and place as the Parties shall mutually agree ("**Closing Date**"); provided that all conditions precedent and other matters required to be satisfied or completed as of the Closing

Date have been or will be so satisfied or completed on such date. The Closing with respect to the Hospital shall be deemed to have occurred and to be effective as between the Parties as of 12:01 a.m. (determined by reference to the local time zone in which the Hospital is located) on the next day after the Closing Date (the "**Effective Date**").

3.2 Items to be Delivered by the Sellers at Closing

At or before the Closing, the Sellers shall deliver to the Purchaser the following, duly executed by the Sellers where appropriate:

(a) General Assignment, Bill of Sale and Assumption of Liabilities in a form agreed upon by the Parties prior to Closing (the "**Bills of Sale**") and executed motor vehicle titles for all motor vehicles included in the Acquired Assets;

(b) Assignment and Assumption of the Leased Real Property in a form agreed upon by the Parties prior to Closing with respect to each Leased Real Property (the "**Real Estate Assignments**");

(c) Special Warranty Deed(s) in a form agreed upon by the Parties prior to Closing;

(d) Favorable original certificates of existence (good standing), or comparable status, of the Sellers, issued by the Illinois Secretary of State, dated no earlier than a date which is seven (7) calendar days prior to the Closing Date;

(e) A certificate of the President/CEO of PHN or any Vice President of the Sellers certifying to the Purchaser: (a) the accuracy in all material respects of the representations and warranties set forth in Article 4, and compliance with the Sellers' covenants set forth in this Agreement; and (b) that all of the conditions contained in Article 8 have been satisfied except those, if any, waived in writing by the Sellers;

(f) A certificate of the corporate Secretary of the Sellers certifying to the Purchaser: (a) the incumbency of the officers of the Sellers on the Execution Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement; and (b) the due adoption and text of the resolutions of the governing board and member(s) of the Sellers, as applicable, authorizing: (i) the transfer of the Acquired Assets and Assumed Liabilities by the Sellers to the Purchaser; and (ii) the execution, delivery and performance of this Agreement and all ancillary documents and instruments by the Sellers, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

(g) Limited Power of Attorney for use of DEA and Other Registration Numbers, and DEA Order Forms, in a form agreed upon by the Parties prior to Closing (the "**Power of Attorney**");

(h) Copies of all third party consents obtained by the Sellers in connection with the assignment of the Assumed Contracts to the Purchaser; and

(i) Such other instruments, certificates, agreements, consents or other documents or writings that are determined by the Parties to be reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

3.3 Items to be Delivered by the Purchaser at Closing. At or before the Closing, the Purchaser shall execute and deliver or cause to be delivered to the Sellers the following, duly executed by the Purchaser where appropriate:

(a) Payment of the Cash Purchase Payment, by wire transfer of immediately available funds or in form otherwise agreed to by PHN in writing prior to Closing;

(b) Certified copies of Purchaser's Articles of Incorporation and Bylaws, reflecting its status as an Illinois Benefit Corporation and general organization and governance consistent with the terms hereof;

(c) For the Purchaser, a certificate of the President or any Vice President certifying to the Sellers: (a) the accuracy in all material respects of the representations and warranties set forth in Article 5, and compliance with each of Purchaser's covenants set forth in this Agreement; (b) that the Purchaser has obtained all material licenses, permits, certificates of need and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement; and (c) that all of the conditions contained in Article 9 have been satisfied except those, if any, waived in writing by the Purchaser;

(d) For the Purchaser, a certificate of the Secretary certifying to the Sellers: (a) the incumbency of its officers on the Execution Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement; and (b) the due adoption and text of the resolutions of its governing Board authorizing the execution, delivery and performance of this Agreement and all ancillary documents and instruments by the Purchaser, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

(e) Favorable original certificates of good standing, or comparable status, of the Purchaser, issued by the Illinois Secretary of State, dated no earlier than a date that is seven (7) calendar days prior to the Closing Date, and evidence of the filing and continued effectiveness of an assumed name filing for the Hospital;

(f) Detail report from the Illinois Secretary of State website, or other appropriate documentation evidencing Purchaser's adoption of an assumed name for the Hospital that is consistent with the provisions of Section 8.9;

(g) The Bills of Sale;

(h) The Real Estate Assignments;

(i) The Power of Attorney; and

(j) Such other instruments, certificates, consents or other documents which are reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

As an inducement to the Purchaser to enter into this Agreement and to consummate the transactions contemplated by this Agreement, the Sellers hereby jointly and severally represent, warrant and covenant to the Purchaser as to the following matters, except as disclosed and agreed in writing by the Parties prior to the Closing Date, or as updated and set forth in the Certificate of Seller provided at Closing pursuant to Section 3.2(e) or as otherwise disclosed pursuant to Section 6.13 and Section 14.5. Except as otherwise provided herein, the Sellers shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

4.1 Authorization. Subject to the terms of Section 8.10, each of the Sellers has full corporate power and authority to enter into this Agreement and full power and authority to carry out the transactions contemplated hereby.

4.2 Binding Agreement. Subject to the terms of Section 8.10: (a) all corporate and other actions required to be taken by the Sellers to authorize the execution, delivery and performance of this Agreement, all documents executed by the Sellers which are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or obtained by each of the Sellers; (b) no other corporate or other action on the part of the Sellers is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby; and (c) this Agreement has been duly and validly executed and delivered by each of the Sellers and, assuming due and valid execution by the Purchaser, this Agreement constitutes a valid and binding obligation of each of the Sellers enforceable in accordance with its terms subject to: (i) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect; and (ii) limitations on the enforcement of equitable remedies.

4.3 Organization and Good Standing; No Violation

(a) Each of the Sellers is a nonprofit corporation duly organized, validly existing and in good standing under the laws of Illinois. Each of the Sellers has full power and authority to own, operate and lease its properties and to carry on its businesses as now conducted.

(b) Neither the execution and delivery by the Sellers of this Agreement nor the consummation of the transactions contemplated hereby by the Sellers nor compliance with any of the material provisions hereof by the Sellers, will violate, conflict with or result in a breach of any material provision of any the Sellers' articles of incorporation or bylaws, respectively.

4.4 Material Contracts

(a) With the exception of the Excluded Contracts, as of the Closing Date, Seller will have provided Purchaser with an accurate and complete list of those contracts and agreements with respect to the ownership of the Acquired Assets and the operation of the Hospital which:

(i) Require the payment by the Sellers during the remaining term of such instrument in excess of Fifty Thousand Dollars ($50,000) on an annualized basis; and either: (1) have remaining terms of more than 12 months; or (2) cannot be terminated by the applicable Seller (prior to Closing) or Purchaser (after Closing) at any time without cause and without obligation to pay a termination fee or penalty upon notice of ninety (90) calendar days or less;

(ii) Are with any of the Hospitals' referral sources (as determined by applicable health care laws, rules and regulations), including, without limitation, any physicians on any Hospital's medical staff; or

(iii) Are with third party payors; or

(iv) Contain a covenant not to compete or restrictive covenant which is binding upon any Seller with respect to any of the Acquired Assets. Contracts described in this Section 4.4(a) are referred to herein as "**Material Contracts**."

(b) Each Material Contract is in full force and effect and is the valid and binding obligation of the Seller party to it and, to the knowledge of Sellers, of each other party thereto, except where a failure of the Material Contract to be in full force and effect is not material, individually or in the aggregate, to the operation of the Hospital. The consummation of the transactions contemplated by this Agreement will not result in a breach of any term or provision of, or constitute (with or without notice or lapse of time or both) a default under, any Material Contract to which any Seller is a party, or which is binding on any Seller, or to which the Acquired Assets are subject. The consummation of the transactions contemplated by this Agreement will not give any other party to any such Material Contract a right to cancel or terminate the same, a right to modify or amend the terms thereof, or result in an acceleration of the maturity or performance of any obligation under any such contract. No such breach, default, cancellation, termination, modification or amendment or acceleration described in this Section 4.4 would prevent the Sellers from consummating the transactions contemplated by this Agreement, or would result in the creation of any lien or liability on the Acquired Assets.

4.5 Required Consents. Except as disclosed to Purchasers in writing prior to the Closing Date, none of the Sellers is a party to or bound by, nor are any of the Acquired Assets subject to, any mortgage, material lien, deed of trust, or any material order, judgment or decree which: (a) requires the consent of another to the execution of this Agreement; or (b) requires the consent of another to consummate the transactions contemplated by this Agreement.

4.6 Compliance With Laws and Contracts

(a) Except as disclosed to Purchasers in writing prior to the Closing Date, the Sellers, with respect to the operation of the Hospital, are in compliance with all applicable laws, statutes, ordinances, orders, rules, regulations, policies, guidelines, licenses, certificates, certificates of need, judgments or decrees of all judicial or governmental authorities (federal, state, local, foreign or otherwise), except where the failure to be in such compliance would not have a material adverse effect on the Acquired Assets or the business of the Hospital. Except as disclosed to Purchasers in writing prior to the Closing Date, neither of the Sellers, with respect to the operation of the Hospital, has been charged with or given notice of, and to the knowledge of the Sellers, neither of the Sellers, with respect to the operation of the Hospital, is under investigation with respect to, any violation of, or any obligation to take remedial action under, any applicable: (i) material law, statute, ordinance, rule, regulation, policy or guideline promulgated; (ii) material license, certificate or certificate of need issued; or (iii) order, judgment or decree entered, by any federal, state, local or foreign court or governmental authority relating to the Hospital or the business of the Hospital. Notwithstanding the foregoing, no provision of this Section 4.6(a) shall be deemed a representation or warranty by the Sellers as to compliance with any Environmental Laws (as defined in Section 4.6(c) below).

(b) Except as disclosed to Purchasers in form acceptable to Purchasers prior to the Closing Date, the Sellers' ownership and operation of the Hospital and the Acquired Assets are and have been in compliance with all Environmental Laws, except where the failure to be in such compliance would not have a material adverse effect on the Acquired Assets or the business of the Hospital. Except as disclosed to Purchasers in writing prior to the Closing Date, each of the Sellers has obtained all licenses, permits and approvals necessary or required under all applicable Environmental Laws (the "**Environmental Permits**") for the ownership and operation of the Hospital and the Acquired Assets. Except as disclosed to Purchasers in writing prior to the Closing Date, all such Environmental Permits are in effect and, to the knowledge of the Sellers, no action to revoke or modify any of such Environmental Permits is pending. Except as disclosed to Purchasers in writing prior to the Closing Date, there is not now pending or, to the knowledge of the Sellers, threatened, any claim, investigation or enforcement action by any governmental authority (whether judicial, executive or administrative) concerning the Sellers' potential liability under Environmental Laws in connection with the ownership or operation of the Hospital or the Acquired Assets. Except as disclosed to Purchasers in writing prior to the Closing Date, to the knowledge of the Sellers, there has not been a release or threatened release of any Hazardous Substance at, upon, in, under or from the Hospital or the Acquired Assets at any time. At no time during the Sellers' ownership of the Real Property, and to the Sellers' knowledge at no time during others' ownership of the Real Property, have any Hazardous Substances been present on the Real Property except as may be utilized as a matter of course in Facility operations and in accordance with applicable Environmental Laws.

(c) For the purposes of this Agreement, the term "**Environmental Laws**" shall mean all state, federal or local laws, ordinances, codes or regulations relating to Hazardous Substances or to the protection of the environment, including, without limitation, laws and regulations relating to the storage, treatment and disposal of medical and biological waste. For purposes of this Agreement, the term "**Hazardous Substances**" shall mean: (i) any hazardous or toxic waste, substance, or material defined as such in (or for the purposes of) any Environmental

Laws; (ii) asbestos-containing material; (iii) medical and biological waste; (iv) polychlorinated biphenyls; (v) petroleum products, including gasoline, fuel oil, crude oil and other various constituents of such products; and (vi) any other chemicals, materials or substances, exposure to which is prohibited, limited or regulated by any Environmental Laws.

(d) To the knowledge of the Sellers, each of the Sellers has performed all material obligations relating to the Acquired Assets and the business of the Hospital, and is not in breach or default, nor do any circumstances exist which with or without notice or lapse of time, or both, would result in breach or default, nor is there any claim of such breach or default with respect to any obligation to be performed, under any Material Contract, guaranty, indenture or loan agreement relating to the Acquired Assets or the business of the Hospital, which breach or default or its consequences might materially adversely affect the Acquired Assets or the business of the Hospital.

4.7 Title; Sufficiency

(a) Each of the Sellers has good and marketable fee simple or leasehold title, as the case may be, to its Real Property. Each of the Sellers has good and valid title to its Personal Property.

(b) The Real Property and the Personal Property is held by the Sellers free and clear of all liens, pledges, claims, charges, security interests or other encumbrances, and is not, in the case of the Real Property, subject to any rights-of-way, building or use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever except: (i) encumbrances for Taxes not yet due and payable; (ii) liens for inchoate mechanics' and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carriers' liens arising in the ordinary course of business; (iii) easements, restrictive covenants, rights of way and other similar restrictions of record that do not impair in any material respect the value of the assets or the continued conduct of the business in the manner currently used; (iv) zoning and similar legal restrictions that do not impair in any material respect the value of the asset or the continued conduct of the business in the manner currently used; (v) encumbrances, encroachments and other imperfections of title, licenses or encumbrances, if any, of record that do not impair in any material respect the value of the asset or the continued use of its assets in the manner currently used; (vi) encumbrances arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and (vii) in the case of Leased Real Property, all matters, whether or not of record, affecting the title of the lessor (and any underlying lessor) of the Leased Real Property that do not impair in any material respect the value of the asset or the continued conduct of the business in the manner currently used. The Sellers will convey title to the Real Property free and clear of all liens, pledges, claims, charges, security interests or other encumbrances, and is not, in the case of the Real Property, subject to any rights-of-way, building or use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever except the Permitted Encumbrances. For purposes of this Agreement, "**Permitted Encumbrances**" means: (i) encumbrances for Taxes not yet due and payable; (ii) easements, restrictive covenants, rights of way and other similar restrictions of record that do not impair in any material respect the value of the assets or the continued conduct of the business in the manner currently used and that are described in the Title Policies; (iii) zoning and similar municipal restrictions that do not impair in

any material respect the value of the asset or the continued conduct of the business in the manner currently used; and (iv) in the case of Leased Real Property, all matters, whether or not of record, affecting the title of the lessor (and any underlying lessor) of the Leased Real Property that do not impair in any material respect the value of the asset or the continued conduct of the business in the manner currently used.

(c) The Inventory with respect to the Hospital is, and at the Closing Date will be, maintained and accounted for in such qualities and quantities as is consistent with historical practices.

(d) The Acquired Assets and the Excluded Assets comprise substantially all of the property and assets used in the conduct of the businesses and operation of the Hospital.

4.8 Certain Representations With Respect to the Hospital

(a) All licenses, permits, certificates of need or exemption and other approvals which are necessary to operate the business of the Hospital by the Sellers are valid and in full force and effect, except where the failure to have such licenses, permits and approvals would not have a material adverse effect on the Acquired Assets or the business of the Hospital. Sellers have provided Purchasers with copies of all material licenses, permits, certifications of need and other authorizations which are necessary to operate the businesses of the Hospital by the Sellers.

(b) The Hospital is duly accredited by The Joint Commission ("**TJC**"). Sellers have delivered to the Purchaser true and complete copies of the Hospital's most recent accreditation survey report and deficiency list, if any; the most recent Statement of Deficiencies and Plan of Correction on Form CMS-2567, if any; the most recent state licensing report and list of deficiencies, if any; the most recent fire marshal's survey and deficiency list, if any, and the corresponding plans of correction or other responses, and as of the Closing Date has corrected or made provisions satisfactory to Purchaser for correction of any issues that have been identified as Life Safety Code deficiencies by the applicable regulatory body.

(c) The Hospital is certified for participation in the Medicare, Medicaid and TRICARE programs, has current and valid provider contracts with each of such programs, and is in compliance in all material respects with the conditions of participation in such programs. Except as disclosed in writing to Purchaser prior to the Closing Date, none of the Sellers have received notices from the regulatory authorities that enforce the statutory or regulatory provisions in respect of any of the Medicare, Medicaid or TRICARE programs of any pending or threatened investigations with respect to the operation of the Hospital. Neither Seller, with respect to the operation of the Hospital, has been excluded from the Medicare or Medicaid programs or any state health care program, and there is no pending or, to Sellers' knowledge, threatened exclusion action against either Seller with respect to the operation of the Hospital.

(d) Notices of Program Reimbursement have been issued by the applicable fiscal intermediary with respect to the Hospital's cost reports for Medicare and Medicaid (if required) through the periods set forth in Schedule 4.8(d) (the "**Audit Periods**"). Each of such reports was timely filed. Neither of the Sellers has received notice of any material dispute between the Hospital and the applicable governmental agency or private entity, or their

intermediaries or representatives, regarding such cost reports for periods subsequent to the periods specified in Schedule 4.8(d) and to the knowledge of the Sellers, there are no pending or threatened claims by any of such programs against the Hospital with respect to the Audit Periods or any period thereafter.

(e) With respect to the operation of the Hospital, neither of the Sellers have any outstanding loan, grant or loan guarantee pursuant to the Hill-Burton Act (42 USC Section 291a, *et seq.*) and the transaction contemplated hereby will not result in any obligation on the part of the Purchaser or the Hospital to repay any such loans, grants, or loan guarantee or provide uncompensated care in consideration thereof.

4.9 Brokers and Finders. Except as disclosed to the Purchaser in writing prior to the Closing Date, neither of the Sellers nor any affiliate thereof, nor any officer or director thereof, has engaged any broker or other such party that would be owed a commission or other payment in connection with the Closing of the transactions contemplated hereunder.

4.10 Financial Statements

(a) Sellers have prepared: (i) unaudited financial statements (consisting of balance sheets, income statements and cash flow statements) of the Hospital with respect to the operation of the Hospital as of December 31, 2013 and December 2012 (the "**2012 & 2013 Hospital Financials**"); (ii) unaudited financial statements of the Sellers with respect to the operation of the Hospital from January 1, 2014 through June 30, 2014 (the "**Hospital Interim Period 2014 Financials**"). The 2012 & 2013 Hospital Financials and the Hospital Interim Period 2014 Financials are collectively referred to herein as the "**Financial Statements**"). Copies of the Financials Statements have been provided to Purchaser prior to the Execution Date.

(b) The Financial Statements fairly present, or will fairly present when prepared, the financial position and results of operations, as applicable, of the Sellers with respect to the operation of the Hospital as of and for the periods then ended, and with respect to the financial statements for the Hospital in conformity with GAAP consistently applied during such periods.

(c) Except for liabilities disclosed in the Financial Statements, liabilities incurred in the ordinary course of business since the date of the latest available Hospital Interim Period 2013 Financials or Non-Hospital Interim Financials consistent with past practice or liabilities disclosed in this Agreement, Sellers have no material liabilities or obligations (including without limitation securitization transactions and off-balance sheet arrangements) of any nature with respect to the operation of the Hospital.

4.11 Legal Proceedings. Except as disclosed to Purchasers in writing prior to the Closing Date, there are no claims, proceedings or investigations pending or, to the best knowledge of the Sellers, threatened relating to or affecting the Sellers with respect to the operation of the Hospital or any of the Acquired Assets before any court or governmental body (whether judicial, executive or administrative). The Sellers, with respect to the operation of the Hospital, are not subject to any judgment, order, decree or other governmental restriction

specifically (as distinct from generically) applicable to them or their assets, including the Acquired Assets, which would have a material adverse effect on the Acquired Assets or the business condition (financial or otherwise) of the Hospital. There is no claim, proceeding or investigation pending or, to the best knowledge of Sellers, threatened, relating to or affecting any Seller with respect to the operation of any Facility before any court or governmental body (whether judicial, executive or administrative) which: (a) materially adversely affects or seeks to prohibit, restrain or enjoin the execution and delivery of this Agreement; (b) materially adversely affects or questions the validity or enforceability of this Agreement; (c) questions the power or authority of any Seller to carry out the transactions contemplated by, or to perform its obligations under, this Agreement; or (d) would result in any change which would materially adversely affect the ability of any Seller to perform any of its obligations hereunder.

4.12 Employee Benefits. Except as disclosed to Purchasers in writing prior to the Closing Date, Seller has provided Purchaser with a list of: (i) each pension, profit sharing, bonus, deferred compensation, or other retirement plan or arrangement of the Sellers with respect to the operation of the Hospital, whether oral or written; (ii) each medical, health, disability, insurance or other plan or arrangement of the Sellers with respect to the operation of the Hospital, whether oral or written; and (iii) each other employee benefit or perquisite provided by the Sellers with respect to the operation of the Hospital, in which any employee of the Sellers participates in his capacity as such (each, a "**Seller Plan**" and collectively, the "**Seller Plans**"). All required reports and descriptions have been filed or distributed appropriately with respect to each Seller Plan.

4.13 Employees and Labor

(a) The Sellers have, as of the Execution Date, and shall have, as of the Closing Date, delivered to the Purchaser a complete list (as of the date set forth therein) of names, positions and current annual salaries or wage rates, bonus and other compensation and/or benefit arrangements, the paid time off pay, and period of service credited for vesting as of the date thereof of all full-time and part-time employees of Sellers and their affiliates with respect to the operation of the Hospital and indicating whether such employee is a part-time or full-time employee, the site of such employee's primary workplace and employer.

(b) Except as disclosed to Purchasers in writing prior to the Closing Date, there are no: (i) labor union or collective bargaining agreements in effect with respect to the employees of the Sellers with respect to the operation of the Hospital; (ii) labor practice complaints against the Sellers pending, or to the best knowledge of the Sellers threatened, before the National Labor Relations Board; and (iii) labor strikes, arbitrations, disputes, slowdowns or stoppages, and no union organizing campaigns, pending, or to the best knowledge of the Sellers threatened, that would materially affect the operation of the Hospital.

(c) Except as disclosed to Purchasers in writing prior to the Closing Date, there are no outstanding EEOC complaints or Department of Labor investigations of the Hospital, and there are no outstanding employment or benefit-related lawsuits or claims.

4.14 Insurance. The Sellers maintain, and have maintained, without interruption, at all times during the Sellers' ownership of the Hospital, self-insurance or policies or binders of

insurance covering such risks and events, including personal injury, property damage, malpractice and general liability, to provide adequate and sufficient insurance coverage for all the Acquired Assets and operations of the Hospital. Except as disclosed to Purchasers in writing prior to the Closing Date, Seller has provided Purchaser with a list of all such insurance maintained by the Sellers with respect to the operation of the Hospital as of the Execution Date.

4.15 Accounts Receivable. The Financial Statements, with respect to the Sellers' accounts receivable that constitute a part of the Acquired Assets, accurately reflect the amount due to the Sellers as of the date indicated on such applicable Financial Statements with reasonable reserves and allowances. The Accounts Receivable, to the extent uncollected, are valid and existing and represent monies due for goods sold and delivered and services performed in bona fide commercial transactions, have been billed or are billable and are not subject to any right, claims or interest of any other person. To the Sellers' knowledge, there are no refunds, discounts or setoffs payable or assessable that have been determined as of the representation date with respect to the Accounts Receivable that are not reflected in the Financial Statements. No Accounts Receivable have been sold by Sellers.

4.16 Taxes. Sellers have duly filed all federal, state, foreign and local Tax Returns required to be filed by it (all of which are true and correct in all material respects) and has duly paid or made provision for the payment of all Taxes (including any interest or penalties) which are due and payable, whether or not in connection with such returns. Each Seller, with respect to the operation of the Hospital, has withheld proper and accurate amounts from its employees' compensation, and made deposits of all such withholdings, in material compliance with all withholding and similar provisions of the Code and any and all other applicable laws. There are no liens for Taxes upon the Acquired Assets, except for statutory liens for current Taxes not yet due and payable or which may hereafter be paid without penalty. Sellers do not and will not have any liability for the Taxes of any Person (other than an affiliate of Seller under Internal Revenue Service regulation 1.1502-6 or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. No Person (other than the Sellers or any affiliate of Sellers) has limited (expressly or otherwise) Sellers' or their affiliates' ability to disclose the tax treatment or tax structure of, and such advisor's tax strategies with respect to, the transactions contemplated by this Agreement. For purposes of this Agreement, "**Tax**" or "**Taxes**" means any tax of any kind, including, without limitation, all income, unrelated business income, gross receipts, license, payroll, employment, excise, severance, occupation, privilege, premium, net worth, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, recording, stamp, sales, use, service, service use, transfer, registration, escheat, unclaimed property, value added, alternative or add-on minimum, estimated or other tax, assessment, charge, levy or fee of any kind whatsoever, including payments or services in lieu of Taxes, interest or penalties on and additions to all of the foregoing, which are due or alleged to be due to any governmental authority, whether disputed or not, imposed by the United States or by any foreign country, or by any state, municipality, subdivision or instrumentality of the United States or of any foreign country, or by any other taxing authority. For purposes of this Agreement, "**Tax Return**" means any return, report, information return or amendment or other document (including any related or supporting information) with respect to Taxes. Each Seller is a corporation exempt from federal and state

income taxation, and has received a favorable letter of determination from the Internal Revenue Service regarding such Tax status.

4.17 The Sellers Knowledge. References in this Agreement to the "**Sellers' knowledge**" or "**knowledge of the Sellers**" mean the actual knowledge of: (i) the Chief Executive Officer of the Hospital; and (ii) the senior-most officer of Sellers responsible for the applicable subject matter, all without independent investigation. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

As an inducement to the Sellers to enter into this Agreement and to consummate the transactions contemplated by this Agreement, the Purchaser hereby represents, warrants and covenants to the Sellers as to the following matters as of the Execution Date and, except as otherwise provided herein, shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

5.1 Authorization. The Purchaser has the full corporate power and authority to enter into this Agreement and has or by Closing will have full corporate power and authority to carry out the transactions contemplated hereby.

5.2 Binding Agreement. Except as contemplated by Section 9.13, all corporate and other actions required to be taken by the Purchaser to authorize the execution, delivery and performance of this Agreement, all documents executed by the Purchaser which are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or obtained by the Purchaser. Except as contemplated by Section 9.13, no other corporate or other action on the part of the Purchaser is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby. Except as contemplated by Section 9.13, this Agreement has been duly and validly executed and delivered by the Purchaser and, assuming due and valid execution by the Sellers, this Agreement constitutes a valid and binding obligation of the Purchaser enforceable in accordance with its terms subject to: (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect; and (b) limitations on the enforcement of equitable remedies.

5.3 Organization and Good Standing. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, and has full corporate power and authority to own, operate and lease its properties and to carry on its business as now conducted.

5.4 No Violation. Neither the execution and delivery by the Purchaser of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the material provisions hereof by the Purchaser will violate, conflict with or result in a

breach of any material provision of the Articles of Incorporation, Bylaws or other organizational documents of the Purchaser.

5.5 Brokers and Finders. Except as described on Schedule 5.5, neither the Purchaser nor any affiliate thereof nor any officer or director thereof has engaged any finder or broker in connection with the transactions contemplated hereunder. The Purchaser shall be solely responsible for compensating any finder or broker listed on Schedule 5.5.

5.6 Representations of the Sellers. The Purchaser acknowledges that it is purchasing certain of the Acquired Assets (as more particularly described in Section 1.5) on an "AS IS, WHERE IS" basis, and that both with respect to such assets and to all of the other Acquired Assets, Purchaser is not relying on any representation or warranty (expressed or implied, oral or otherwise) made on behalf of the Sellers other than as expressly set forth in this Agreement.

5.7 Legal Proceedings. Except as described on Schedule 5.7, there are no claims, proceedings or investigations pending or, to the best knowledge of the Purchaser, threatened relating to or affecting the Purchaser or any affiliate of the Purchaser before any court or governmental body (whether judicial, executive or administrative) in which an adverse determination would materially adversely affect the ability of the Purchaser to consummate the transactions contemplated hereby. Neither the Purchaser nor any affiliate of the Purchaser is subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to the Purchaser or any affiliate of the Purchaser which materially adversely affects the ability of the Purchaser to consummate the transactions contemplated hereby.

5.8 Ability to Perform. The Purchaser has the ability to obtain funds in cash in amounts equal to the Purchase Payment by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Payment and to pay any other amounts payable to the Sellers at Closing pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

5.9 Solvency. The Purchaser is not insolvent and will not be rendered insolvent as a result of any of the transactions contemplated by this Agreement. For purposes hereof, the term "**solvency**" means that: (i) the fair salable value of the Purchaser's tangible assets is in excess of the total amount of its liabilities (including for purposes of this definition all liabilities, whether or not reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and whether direct or indirect, fixed or contingent, secured or unsecured, and disputed or undisputed); (ii) the Purchaser is able to pay its debts or obligations in the ordinary course as they mature; and (iii) the Purchaser has capital sufficient to carry on its businesses and all businesses which they are about to engage.

5.10 Purchaser's Knowledge. References in this Agreement to the "**Purchaser's knowledge**" or "**knowledge of the Purchaser**" mean the actual knowledge of: (i) the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (or the equivalent positions) of the Purchaser; and (ii) the senior-most officers or employees of the Purchaser, or affiliates thereof, primarily responsible for the applicable subject matter, as referenced herein, all without independent investigation. No constructive or imputed knowledge shall be attributed to

any such individual by virtue of any position held, relationship to any other Person or for any other reason.

ARTICLE 6
COVENANTS OF THE SELLERS

6.1 Access and Information; Inspections. From the Execution Date through the Effective Date, the Sellers shall afford to the officers and agents of the Purchaser (which shall include accountants, attorneys, bankers and other consultants and agents of the Purchaser) full and complete access during normal business hours to and the right to inspect the plants, properties, books, accounts, records and all other relevant documents and information with respect to the Acquired Assets, liabilities and business of the Hospital. From the Execution Date through the Effective Date, the Sellers shall furnish the Purchaser with such additional financial and operating data and other information in the Sellers' possession as to businesses and properties of the Hospital as the Purchaser or its representatives may from time to time reasonably request, without regard to where such information may be located. The Purchaser's right of access and inspection shall be exercised in such a manner as not to interfere unreasonably with the operations of the Hospital. Such access may include consultations with the personnel of the Sellers and consultations and/or contact with physicians on the medical staff at the Hospital. Further, the Purchaser may, at its sole cost and expense (except as otherwise provided in Section 14.12), undertake environmental, mechanical and structural surveys of the Hospital. Notwithstanding the foregoing, all access and inspection activities contemplated by this Section 6.1 shall be with prior reasonable approval of Sellers' representative, Bob Hauptman, or his designee.

6.2 Conduct of Business. On and after the Execution Date and prior to the Effective Date, and except as otherwise consented to or approved by an authorized officer of the Purchaser or specifically required by this Agreement, the Sellers shall, with respect to the operation of the Hospital:

(a) Carry on their businesses with respect to the operation of the Hospital in substantially the same manner as presently conducted and not make any material change in personnel, operations, finance, accounting practices or policies (unless the Sellers are required to adopt such changes under GAAP or the Sellers' affiliates adopt such changes on a company-wide basis, in which event the Sellers shall give the Purchaser prompt written notice thereof);

(b) Maintain the Hospital and all parts thereof and all other Acquired Assets in operating condition in a manner consistent with past practices, ordinary wear and tear excepted, and make all routine, maintenance and other expenditures contemplated by the current budgets and in a manner consistent with past practices;

(c) Perform all of its material obligations under agreements relating to or affecting the Hospital, its operations or the Acquired Assets;

(d) Keep in full force and effect present insurance policies or other comparable self-insurance;

(e) Use their reasonable efforts to maintain and preserve their business organizations intact, retain their present employees at the Hospital and maintain their relationships with physicians, suppliers, customers and others having business relationships with the Hospital; and

(f) Take such actions as are necessary and use their reasonable efforts to cause the efficient transition of business operations and employee relations to the Purchaser as of the Effective Date.

6.3 Negative Covenants. From the Execution Date until the Effective Date, with respect to the operation of the Hospital, the Sellers shall not, without the prior written consent of the Purchaser or except as may be required by law:

(a) Amend or terminate any Material Contracts, enter into any new contract, lease or commitment, or incur or agree to incur any liability, except in the ordinary course of business;

(b) Increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus agreements with any employee, except in the ordinary course of business in accordance with the Sellers' customary personnel policies; provided, however, this Section 6.3(b) shall not apply to: (i) agreements or arrangements with any of the officers or senior leaders of the Hospital (collectively, the "**Leadership Team**") in effect on the Execution Date which are consistent with the practices of the affiliates of the Sellers; or (ii) any non-recurring payments or proposed non-recurring payments by the Sellers to any of the employees of the Hospital (including any member of the Leadership Team) to provide an incentive to such employees (or to any member of the Leadership Team) to remain employed at the Hospital through the Effective Date;

(c) Create, assume or permit to exist any new debt, mortgage, deed of trust, pledge or other lien or encumbrance (other than Permitted Encumbrances) upon any of the Acquired Assets other than those which are terminated on or prior to the Closing Date;

(d) Acquire (whether by purchase or lease) or sell, assign, lease, or otherwise transfer or dispose of any Real Property, plant or equipment, except in the ordinary course of business with comparable replacement thereof;

(e) Except with respect to previously budgeted expenditures, purchase capital assets or incur costs in respect of construction in progress;

(f) Take any action outside the ordinary course of business;

(g) Cancel, forgive, release, discharge or waive any Accounts Receivable, except in the ordinary course of business;

(h) Sell or factor any Accounts Receivable; or

(i) Reduce Inventory except in the ordinary course of business.

For purposes of this Section 6.3, the Sellers shall be deemed to have obtained the Purchaser's prior written consent to undertake the actions otherwise prohibited by this Section 6.3 if the Sellers give the Purchaser written notice of a proposed action and the Sellers do not receive from the Purchaser a written notice of objection to such action within five (5) business days after the Purchaser receives the Sellers' written notice. Notwithstanding any provision to the contrary contained in this Agreement, neither Section 6.2 nor this Section 6.3 shall be construed to: (i) prohibit the Sellers from engaging in any act which the Sellers reasonably believes is necessary to preserve and protect the continued operation of the Hospital; or (ii) require the Sellers to undertake any action or prohibit the Sellers from engaging in any act which counsel to Sellers has advised Sellers is necessary to comply with federal or state antitrust laws. The Sellers shall give the Purchaser prompt written notice either prior to, or if prior notice is not feasible, subsequent to taking any act described in the immediately preceding sentence.

6.4 Required Consents and Approvals

(a) Between the Execution Date and the Effective Date, the Sellers shall: (i) use reasonable efforts to obtain, as promptly as practicable, all consents, approvals, authorizations, clearances, certificates of need and licenses required to be obtained by the Sellers to consummate the transactions contemplated by this Agreement (including, without limitation, those of governmental and regulatory authorities), including notification of non-objection of the Attorney General of Illinois to consummate the transactions contemplated hereby; (ii) reasonably cooperate with the Purchaser and its representatives and attorneys in the preparation of any document or other material which may be required by any governmental agency as a predicate to or result of the transactions contemplated in this Agreement; (iii) provide such other information and communications to governmental and regulatory authorities as such governmental and regulatory authorities may reasonably request; and (iv) cooperate with the Purchaser in the Purchaser's obtaining, as soon as practicable, all material consents, approvals, authorizations, clearances, certificates of need and licenses required to be obtained to consummate the transactions contemplated hereby.

(b) Between the Execution Date and the Effective Date, the Sellers shall request and use reasonable efforts to obtain, as promptly as practicable, all consents and approvals of third parties required to assign to the Purchaser the Assumed Contracts as being assigned to and assumed by the Purchaser, including those with third party payors.

(c) Notwithstanding that Sellers' managed care contracts are Multi-Facility Contracts and thereby contemplated to be Excluded Contracts, prior to the Closing Date, Sellers shall use commercially reasonable efforts to obtain the consent of managed care payors for PHN to assign to Purchaser the portion of PHN managed care contracts applicable to the Hospital for at least a reasonable transition period, subject to Purchaser entering into separate agreements with one or more managed care payors.

6.5 Additional Financial Information. Within thirty (30) calendar days following the end of each calendar month prior to Closing, or as soon thereafter as they are available, the Sellers shall deliver to the Purchaser complete copies of unaudited combined balance sheets and related income statements for the Hospital for the month then ended, together with corresponding

year-to-date amounts, which presentation shall be consistent with the provisions of Section 4.10 which are applicable to the Financial Statements.

6.6 No-Shop

(a) From and after the Execution Date until the earlier of the Closing Date or the termination of this Agreement, the Sellers shall not, and shall cause their affiliates, officers, directors, employees, investment bankers and agents to not, without the prior written consent of the Purchaser: (i) offer for sale or lease the Hospital or the Acquired Assets (or any material portion thereof); (ii) solicit offers to buy all or any material portion of the Hospital or the Acquired Assets; (iii) hold discussions with any Person (other than the Purchaser) looking toward such an offer or solicitation; (iv) hold discussions with any Person with respect to a proposed merger, acquisition, consolidation or other business combination (including substitution of members or so-called "virtual merger") having the effect of selling, leasing or otherwise disposing of the Hospital or Acquired Assets; or (v) enter into any agreement with any Person (other than the Purchaser) with respect to any transaction described in the foregoing clauses (i), (ii), (iii) and (iv). Notwithstanding the foregoing, this Section 6.6 shall not be construed to prohibit the Sellers or their affiliates from engaging in corporate transactions involving the Sellers' or the Sellers' affiliates' membership interests, including, without limitation, membership substitution transactions, so long as the terms thereof do not contemplate the sale or lease or other disposition of the Hospital or the Acquired Assets and such actions are taken subject to the terms and conditions of this Agreement.

(b) Any reference in this Agreement to an "**affiliate**" shall mean any Person directly or indirectly controlling, controlled by or under common control with a second Person; provided, however, an "affiliate" shall not include any officer or director of any Person. The term "**control**" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise or the right to designate or elect at least a majority of the members of its governing body by contract or corporate membership rights or otherwise. A "**Person**" shall mean any natural person, partnership, corporation, limited liability company, association, trust or other legal entity.

6.7 The Sellers' Efforts to Close. The Sellers shall use their reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 8 and 9 to their or the Purchaser's obligations under this Agreement to the extent that the Sellers' action or inaction can control or influence the satisfaction of such conditions.

6.8 Title Matters. As soon as practicable after the Execution Date, the Purchaser shall order: (a) a preliminary binder or title commitment(s) (the "**Title Commitment**") sufficient for the issuance of one or more Owner's Title Insurance Policies (ALTA) with respect to the Owned Real Property (the "**Title Policy**"), issued by Chicago Title Insurance Company (the "**Title Company**"), together with true, correct and legible copies of all instruments referred to therein as conditions or exceptions to title (the "**Title Instruments**"); and (b) ALTA surveys of all Owned Real Property for which a Title Policy is requested complying with the current Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys for the Real Property (the

"**Surveys**") and containing a surveyor's certificate in compliance with ALTA/ASCM land title survey requirements. The Sellers shall deliver to the Purchaser copies of the most recent land title surveys of the Hospital in their possession or control. The Purchaser shall bear the costs and expenses of the Title Commitment, the Title Policy and the Surveys.

6.9 Termination of Hired Employees. Upon the Effective Date, the Hired Employees shall cease to be employees of the Sellers and their affiliates. The Sellers and their affiliates shall terminate effective as of the Effective Date the active participation of all of the Hired Employees in all of the Seller Plans, and shall cause each Seller Plan to comply with all applicable laws with respect to any obligations to such Hired Employees. After the Effective Date, the Sellers shall timely make or cause to be made, to the extent applicable, appropriate distributions to, or for the benefit of, all of the Hired Employees in respect of the Seller Plans which are in force and effect with respect to the Hired Employees at the Hospital immediately prior to the Effective Date in accordance with the terms and conditions of the Seller Plans; provided, however, no such distribution shall be required to the extent of any liabilities related to Seller Plans that are among the Assumed Liabilities, as agreed by the Parties.

6.10 Hart-Scott-Rodino Act Filings. To the extent required by law, the Sellers will: (a) take promptly all actions necessary to make the filings required of the Sellers or the Sellers' affiliates under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations promulgated thereunder (the "**HSR Act**"); (b) comply at the earliest practicable date with any request for additional information received by the Sellers or the Sellers' affiliates from the Federal Trade Commission (the "**FTC**") or Antitrust Division of the Department of Justice (the "**DOJ**") pursuant to the HSR Act; and (c) cooperate with the Purchaser in connection with the Purchaser's filings under the HSR Act and in connection with resolving any investigation or other regulatory inquiry concerning the transactions contemplated by this Agreement commenced by either the FTC or the DOJ. All fees and expenses of the Sellers incurred in connection with the Sellers' filing under the HSR Act shall be borne by the Sellers.

6.11 Long-Term Debt. At its sole cost and expense, the Sellers shall do all things necessary, desirable and appropriate so that all liens and mortgages related to the Acquired Assets and securing any of the Long-Term Debt shall be released by the Closing Date.

6.12 Lessor Estoppel Certificates. The Sellers will use commercially reasonable efforts to obtain, prior to the Closing Date, estoppel letters, in a form reasonably acceptable to the Purchaser, for the Leased Real Property described on Schedule 1.1(b).

6.13 Supplemental Disclosures. From the Execution Date through the Closing Date, the Sellers will promptly notify the Purchaser in writing if the Sellers become aware of any fact or condition that causes any of the Sellers' representations and warranties to be inaccurate or incomplete, and will promptly deliver to the Purchaser a supplemental statement specifying all applicable new facts or information.

ARTICLE 7
COVENANTS OF THE PURCHASER

7.1 Purchaser's Efforts to Close. The Purchaser shall use reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 8 and 9 to its or the Sellers' obligations under this Agreement to the extent that the Purchaser's action or inaction can control or influence the satisfaction of such conditions.

7.2 Required Governmental Approvals. Between the Execution Date and the Closing Date, the Purchaser: (a) shall use reasonable commercial efforts to secure, as promptly as practicable before the Closing Date, all consents, approvals, authorizations, clearances, certificates of need and licenses required to be obtained from governmental and regulatory authorities in order to carry out the transactions contemplated by this Agreement and to cause all of its covenants and agreements to be performed, satisfied and fulfilled, including a certificate of exemption or certificate of need, as applicable, from the Illinois Health Facilities and Services Review Board (the "**IHFSRB**"); and (b) will provide such other information and communications to governmental and regulatory authorities as the Sellers or such authorities may reasonably request. The Purchaser shall cooperate with the Sellers' efforts to obtain all consent and approvals of third parties required for the Sellers to assign to the Purchaser the Assumed Contracts on or before the Closing Date.

7.3 Certain Employee Matters

(a) As of the Effective Date, Sellers and Purchaser shall have caused the transfer of employment to Purchaser of all Hospital and Hospital-based employees of the Sellers and the Sellers' affiliates, subject to each such employee's acceptance of such employment, for an initial employment period of at least ninety (90) days after Closing (the "**Transition Period**"). All such employment arrangements will be upon substantially the same terms and conditions with respect to base salaries or wages, job duties, titles and responsibilities provided by the Sellers or affiliates of the Sellers before Closing (subject to employee background checks to the extent required by law, customary pre-employment screenings and applicable collective bargaining agreements). All employees who accept an offer of employment by the Purchaser shall be referred to collectively in this Agreement as the "**Hired Employees**." The Purchaser and the Sellers acknowledge those employees of the Sellers or the Sellers' affiliates working at the Hospital and certain members of the Hospital management team agreed in writing by the Parties prior to Closing Date, shall be retained by PHN (the "**Retained Employees**") and shall not be Hired Employees. After the Transition Period, the Purchaser shall continue to employ the Hired Employees as it reasonably deems necessary and appropriate to support the operations of the Hospital. The Purchaser will give all Hired Employees credit for their Accrued Paid Time Off and for their years of service with the Sellers for purposes of determining eligibility to participate and vesting percentages in the Purchaser's employee pension benefit plans which shall provide comparable benefits to those offered by Sellers as of the Execution Date.

(b) On and after the Effective Date, the Hired Employees shall be eligible for a health plan sponsored by the Purchaser that offers coverage reasonably comparable to that offered by Sellers as of the Execution Date. The Hired Employees shall be given credit for periods of employment with the Sellers or the Sellers' affiliates prior to the Effective Date for

purposes of determining eligibility to participate and amount of benefits (including without limitation vesting of benefits), and preexisting condition limitations will be waived with respect to the Hired Employees and their covered dependents unless such preexisting condition limitations were applicable prior to the Effective Date. In addition, if prior to the Effective Date a Hired Employee or his covered dependents paid any amounts towards a deductible or out-of-pocket maximum in the Sellers' or the Sellers' affiliates' medical and health plan's current fiscal year, such amounts shall be applied toward satisfaction of the deductible or out-of-pocket maximum in the current fiscal year of the Purchaser's or the Purchaser's affiliates' medical and health plan that covers the Hired Employees on and after the Effective Date.

(c) The Purchaser shall be responsible to provide continuation coverage pursuant to the requirements of Section 4980B of the Internal Revenue Code of 1986, as amended, and Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended (COBRA coverage) with respect to each of the Hired Employees (and their dependents) whose qualifying event occurs on or after the Effective Date or later date (with respect to employees on disability) on which such employees become Hired Employees.

(d) Within ten (10) days after the Closing Date, the Purchaser shall provide to the Sellers a list of all the employees who were offered employment by the Purchaser but refused such employment.

Notwithstanding anything to the contrary, the provisions of this Section 7.3 shall not create any legal or other rights or interests in the Sellers, the Sellers' affiliates or any third-party beneficiaries.

7.4 Confidentiality. The Purchaser shall, and shall cause its employees, representatives and agents to, hold in strict confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of the Purchaser's counsel, by other requirements of law, all Confidential Information (as hereinafter defined), and the Purchaser shall not disclose the Confidential Information to any person, except as otherwise may be reasonably necessary to carry out the transactions contemplated by this Agreement, including any business or diligence review by or on behalf of the Purchaser. The Purchaser's obligations set forth in the immediately preceding sentence shall apply: (a) from the Execution Date to the Effective Date with respect to Confidential Information that is among the Acquired Assets; and (b) from and after the Execution Date for all Confidential Information that is not described in subsection (a) above. For the purposes hereof, "**Confidential Information**" shall mean all information of any kind concerning the Sellers or the business of the Hospital, in connection with the transactions contemplated by this Agreement except information: (i) ascertainable or obtained from public or published information; (ii) received from a third party not known by the Purchaser to be under an obligation to the Sellers or any affiliate of the Sellers to keep such information confidential; (iii) which is or becomes known to the public (other than through a breach of this Agreement); or (iv) which was in the Purchaser's possession prior to disclosure thereof to the Purchaser in connection herewith. The Parties acknowledge that the restrictions of this Section 7.4 shall not be applicable to any notices to the Attorney General of the State of Illinois, the IHFSRB, any other governmental bodies or agencies in connection with required change of ownership notices or filings for the Hospital, or any bodies or individuals affiliated with the Roman Catholic Church to whom information is provided in connection with approvals required under Roman

Catholic canon law. The rights of the Sellers under this Section 7.4 shall be in addition to and not in substitution for the rights of the Sellers and the Sellers' affiliates under that certain Confidentiality Agreement among the Sellers and the Purchaser or its affiliates dated April 22, 2014 (the "**Confidentiality Agreement**"), which Confidentiality Agreement shall survive the Closing.

7.5 Enforceability. The Purchaser hereby acknowledges that the restrictions contained in Section 7.4 above are reasonable and necessary to protect the legitimate interests of the Sellers. The Parties also hereby acknowledge and agree that any breach of Section 7.4 would result in irreparable injury to the Sellers and that any remedy at law for any breach of Section 7.4 would be inadequate. Notwithstanding any provision to the contrary contained in this Agreement, the Parties therefore agree, and the Purchaser hereby specifically consent that, without necessity of proof of actual damage, the Sellers may be granted temporary or permanent injunctive relief, that the Sellers shall be entitled to an equitable accounting of all earnings, profits and other benefits arising from such breach, and that the Sellers shall be entitled to recover its reasonable fees and expenses, including attorneys' fees, incurred by the Sellers in enforcing the restrictions contained in Section 7.4.

7.6 Waiver of Bulk Sales Law Compliance. The Purchaser hereby waives compliance by the Sellers with the requirements, if any, of Article 6 of the Uniform Commercial Code as in force in any state in which the Acquired Assets are located and all other similar laws applicable to bulk sales and transfers. Notwithstanding the foregoing, the Sellers shall notify the Illinois Department of Revenue and Chicago Department of Revenue of the transaction, as applicable, and obtain a receipt or confirmation showing that the Taxes have been paid or that no taxes are due.

7.7 Hart-Scott-Rodino Act Filings. To the extent required by law, the Purchaser shall: (a) take promptly all actions necessary to make the filings required of the Purchaser or its affiliates under the HSR Act; (b) comply at the earliest practicable date with any request for additional information received by the Purchaser or its affiliates from the FTC or the DOJ pursuant to the HSR Act; and (c) cooperate with the Sellers in connection with the Sellers' or the Sellers' affiliates' filings under the HSR Act and in connection with resolving any investigation or other regulatory inquiry concerning the transactions contemplated by this Agreement commenced by either the FTC or the DOJ. All filing fees imposed in connection with the Purchaser's filings under the HSR Act shall be borne by the Purchaser.

7.8 Supplemental Disclosures. From the Execution Date through the Closing Date, the Purchaser will promptly notify the Sellers in writing if the Purchaser becomes aware of any fact or condition that causes any of Purchaser's representations and warranties to be inaccurate or incomplete, and will promptly deliver to the Sellers a supplemental statement specifying all applicable new facts or information.

ARTICLE 8
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLERS

The Sellers' obligation to sell the Acquired Assets and to close the transactions as contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by the Sellers in whole or in part at or prior to the Closing.

8.1 Due Diligence. Completion of "mission due diligence" by Sellers, relating to Purchaser's ethical reputation and practices, including, to the extent applicable, provision of charity care and other needed benefits.

8.2 Signing and Delivery of Instruments. The Purchaser shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement.

8.3 Unfavorable Action or Proceeding. On the Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, which challenge or seek to challenge, or which could prevent or cause the rescission of, or the consummation of the transactions contemplated in this Agreement.

8.4 Performance of Covenants. The Purchaser shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

8.5 Hart-Scott-Rodino Filings. Any and all filings required to be made and notices required to be given pursuant to the HSR Act shall have been made, all approvals or consents required thereby shall have been obtained and the waiting periods required thereby, if any, shall have expired or terminated.

8.6 Governmental Authorizations. The Parties shall have obtained all material licenses, permits, certificates of need and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement, including, without limitation, approval from the IHFSRB, the expression of a no objection position by the Attorney General of Illinois regarding the purchase and sale of the Acquired Assets by the Purchaser and the Sellers, and reasonable assurances that any other material licenses, permits, certificates of need and authorizations not actually issued as of the Closing will be issued following Closing (which may include oral assurances from appropriate governmental agencies or bodies).

8.7 Schedules. The provisions of the Schedules attached to this Agreement that were supplemented, updated or amended after the Execution Date, if any, shall be acceptable to the Sellers in their sole discretion.

8.8 Representations and Warranties. The representations and warranties made by the Purchaser in Article 5, including as modified in any required supplemental disclosure made

hereunder, shall be true and correct in all material respects when made and as of the Closing Date.

8.9 Name Change. Establishment, including the making of an assumed name or similar filing with the Illinois Secretary of State, by Purchaser of a new name for the Hospital (and any related operations) that does not include the words "Our Lady of the Resurrection," "Our Lady," or "Resurrection" and that otherwise does not imply, as determined in PHN's sole discretion, that the Hospital (and any related operations) continues to be Catholic-sponsored or is part of the health system operated by PHN.

8.10 Approval of Roman Catholic Church. The Sellers shall have received all required approvals of the Roman Catholic Church required to be obtained by the Sellers or any affiliate of the Sellers under canon law, regarding the Sellers' execution of this Agreement and the consummation of the transactions contemplated hereunder.

8.11 Valuation. Receipt by Sellers of a fair market value opinion consistent with the sale price and other terms of the sale to Purchaser, as necessary in Sellers' discretion.

ARTICLE 9
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE PURCHASER

The Purchaser's obligation to purchase the Acquired Assets and to close the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by the Purchaser in whole or in part at or prior to the Closing.

9.1 Due Diligence. Purchaser shall have completed and been satisfied with the results of its due diligence (which completion shall be no later than five (5) business days after the Execution Date), of the Acquired Assets and Acquired Liabilities to be assumed.

9.2 Governmental Authorizations. The Parties shall have obtained all material licenses, permits, certificates of need and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement, including, without limitation, approval from the IHFSRB, the expression of a no objection position by the Attorney General of Illinois regarding the purchase and sale of the Acquired Assets by the Purchaser and the Sellers, and reasonable assurances that any other material licenses, permits, certificates of need and authorizations not actually issued as of the Closing will be issued following Closing (which may include oral assurances from appropriate governmental agencies or bodies).

9.3 Hart-Scott-Rodino Filings. Any and all filings required to be made and notices required to be given pursuant to the HSR Act shall have been made, all approvals or consents required thereby shall have been obtained and the waiting periods required thereby, if any, shall have expired or terminated.

9.4 Signing and Delivery of Instruments. The Sellers shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to all of the provisions of this Agreement.

9.5 Approval of Roman Catholic Church. The Sellers shall have received all required approvals of the Roman Catholic Church required to be obtained by the Sellers or any affiliate of the Sellers under canon law, regarding the Sellers' execution of this Agreement and the consummation of the transactions contemplated hereunder.

9.6 Unfavorable Action or Proceeding. On the Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, which challenge or seek to challenge, or which could prevent or cause the rescission of, the consummation of the transactions contemplated in this Agreement.

9.7 Performance of Covenants. The Sellers shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by the Sellers on or prior to the Closing Date.

9.8 Assumed Contract Consents; Payor Contracts. The Sellers shall have obtained the Material Consents. "**Material Consents**" mean consents for those Material Contracts listed and agreed in writing by the Parties prior to the Closing Date.

9.9 Title Insurance Policy. The Purchaser shall have received a fully effective Title Policy issued to the Purchaser by the Title Company covering the Owned Real Property in the aggregate amount allocated to the Owned Real Property agreed to in writing by the Parties prior to the Closing Date, which may be in the form of a marked Title Commitment (or pro forma Title Policy) binding the Title Company to issue the final Title Policy (the "**Marked Commitment**"). With delivery of the Marked Commitment, the Title Company is confirming to the Purchaser that: (i) all of the conditions of Schedule B - Section I of the Title Commitment to the issuance of the final Title Policy have been fully satisfied, except for payment of the Cash Purchase Payment; and (ii) except for payment of the Purchase Payment, there are no other unsatisfied conditions, qualifications or reservations to the effectiveness of the Marked Commitment, and that the Title Company is otherwise unconditionally obligated and prepared to issue the final title policy to the Purchaser in the form required by the Marked Commitment. The Title Policy shall show fee simple title to the Owned Real Property vested in the Purchaser, subject only to the Permitted Encumbrances, other than those intended to be paid off or discharged by Sellers. The Title Policy shall include policy modification endorsement 4 ("extended coverage" endorsement) deleting general policy exception numbers 1-5 of Schedule B of the Title Policy.

9.10 Schedules. The provisions of the Schedules that were supplemented, updated or amended by the Sellers after the Execution Date, if any, shall be acceptable to the Purchaser in its reasonable discretion.

9.11 Representations and Warranties True and Correct. The representations and warranties made by the Sellers in Article 4, as updated or modified in any supplemental disclosure statements prior to Closing pursuant to Section 7.8 or otherwise, shall be true and correct in all material respects when made and as of the Closing Date.

9.12 Environmental and Other Reports. The Purchaser shall have received environmental and engineering reports with respect to the Hospital prepared by Persons acceptable to the Purchaser and the scope, findings and conclusions of such reports shall be reasonably satisfactory to the Purchaser, provided that the Purchaser has ordered such reports no later than two (2) weeks after the Execution Date.

9.13 Approval of Purchaser's Board of Directors. The board of directors of the Purchaser shall have ratified the execution of this Agreement and approved the consummation of the transactions contemplated herein, subject to the satisfaction of all Closing conditions applicable to the Purchaser.

9.14 No Material Adverse Change. Since the Execution Date, no Material Adverse Change shall have occurred and no events or circumstances have occurred that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change with respect to the Hospital. As used in this Agreement, "**Material Adverse Change**" means any fact, condition, change, event, or circumstance that individually or in the aggregate, could reasonably be expected to result in a material adverse effect on the Acquired Assets, or on the results of operation or the financial condition of the Hospital, each taken as a whole. Notwithstanding anything to the contrary, "Material Adverse Change" shall not include: (i) changes in the financial or operating performance of the Hospital due to or caused by the announcement of the transactions contemplated by this Agreement, seasonal changes, or changes similar to those experienced by the hospital industry as a whole or in the Chicagoland region; (ii) changes or proposed changes to any applicable law, reimbursement rates or policies of governmental agencies or bodies that are generally applicable to hospitals or healthcare facilities; (iii) requirements, reimbursement rates, methods of determining reimbursement rates or eligibility for reimbursement, policies or procedures of third party payors or accreditation commissions or organizations that are generally applicable to hospitals or healthcare facilities; (iv) general business, industry or economic conditions, including such conditions related to the business of the Sellers, taken as a whole, or the Purchaser, taken as a whole, that do not disproportionately affect the Hospital; (v) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack, that do not disproportionately affect the Sellers, taken as a whole, or the Purchaser, taken as a whole; (vi) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index) that do not disproportionately affect the Sellers, taken as a whole, or the Purchaser, taken as a whole; or (vii) changes in law or accounting standards or interpretations thereof.

ARTICLE 10
TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to Closing:

(a) By the mutual written consent of the Parties;

(b) By the Sellers if a material breach of this Agreement has been committed by the Purchaser and such breach has not been: (i) waived in writing by the Sellers; or (ii) cured by the Purchaser to the reasonable satisfaction of the Sellers within fifteen (15) business days after service by the Sellers upon the Purchaser of a written notice which describes the nature of such breach;

(c) By the Purchaser if a material breach of this Agreement has been committed by the Sellers and such breach has not been: (i) waived in writing by the Purchaser; or (ii) cured by the Sellers to the reasonable satisfaction of the Purchaser within fifteen (15) business days after service by the Purchaser upon the Sellers of a written notice which describes the nature of such breach;

(d) By the Purchaser if any of the conditions in Article 9 have not been satisfied as of the Closing Date or if satisfaction of any condition in Article 9 is or becomes impossible and the Purchaser has not waived such condition in writing on or before the Closing Date (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than through the failure of the Purchaser to comply with its obligations under this Agreement);

(e) By the Sellers if any of the conditions in Article 8 have not been satisfied as of the Closing Date or if satisfaction of any such condition in Article 8 is or becomes impossible and the Sellers have not waived such condition in writing on or before the Closing Date (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than through the failure of the Sellers to comply with their obligations under this Agreement);

(f) By either the Purchaser or the Sellers if the Closing has not occurred on or before December 31, 2014; or

(g) By Purchaser if, prior to the Effective Date, the Hospital is substantially destroyed or substantially damaged by fire, theft, vandalism or other cause or casualty and, as a result, the Sellers are unable to provide twenty-five percent (25%) or more (on a net revenue basis) of the health care services provided by the Hospital immediately before the casualty for a period of more than thirty (30) days; provided, however, the Purchaser cannot terminate this Agreement pursuant to this Section if the Sellers otherwise commit to commencing and completing such repairs prior to Closing in such a manner that the services lost because of the damage are operational again and the Parties agree to extend the Closing Date so that the repairs can be completed by the Sellers prior to Closing.

10.2 Termination Consequences. If this Agreement is terminated pursuant to Section 10.1:

(a) All further obligations of the Parties under this Agreement shall terminate, except that the obligations in Section 7.4 (Confidentiality), Section 14.3 (Governing Law), Section 14.8 (Confidentiality and Publicity), and Section 14.12 (Expenses and Attorneys' Fees) shall survive;

(b) Each Party shall pay the costs and expenses incurred by it in connection with this Agreement, except as provided in Section 14.12; and

(c) Nothing shall prevent any Party hereto from pursuing any of its legal rights or remedies that may be granted to any such Party by law against any other Party to this Agreement; and

(d) If the Agreement is terminated under Section 10.1(b) or (c), or as otherwise specified in Section 2.3, Sellers or Purchaser, as applicable, shall be responsible for paying the designated termination fee to the other Party, in accordance with the provisions of Section 2.3.

ARTICLE 11
POST-CLOSING MATTERS

11.1 Post-Closing Receipt of Acquired or Excluded Assets, Assumed or Excluded Liabilities, and Related Items.

(a) If the Purchaser or any of its affiliates receive any funds paid in respect of any of the Excluded Assets or Excluded Liabilities, the Purchaser shall remit such funds to the Sellers within ten (10) business days after receipt thereof.

(b) Within ten (10) business days after Purchaser receives or comes into possession or control of any other asset or a liability, or any remittance, mail or other communication that is or primarily pertains to an Excluded Asset or an Excluded Liability, Purchaser shall transfer, assign or convey such asset, liability or related item to the Sellers at the Sellers' cost. Until such transfer, assignment and conveyance, the Purchaser shall not have any right, title or interest in or obligation or responsibility with respect to such asset, liability or related item, except that the Purchaser shall hold the same in trust for the benefit of the Sellers. The Purchaser shall have neither the right to offset amounts payable to the Sellers under this Section 11.1(b) against, nor the right to contest its obligation to transfer, assign and convey to the Sellers because of, outstanding claims, liabilities or obligations asserted by the Purchaser against the Sellers including the indemnification provisions of Section 12.2. If the Purchaser does not remit any payments or remittances due to the Sellers under this Section 11.1(b) in accordance with the first sentence of this Section 11.1(b), such payments or remittances shall bear interest at the then-current Prime rate reported by *The Wall Street Journal* under "Money Rates" (the "**Prime Rate**") in effect on the last calendar day upon which such payment was required to be made to the Sellers (the "**Seller Payment Due Date**") plus two percent (2%) per annum (or the maximum rate allowed by law, whichever is less), such interest accruing after the Seller Payment Due Date until payment, including all interest thereon, is made to the Sellers.

(c) If the Sellers or any affiliate receive any funds paid in respect of any of the Acquired Assets, Assumed Liabilities or services rendered by or on behalf of Purchaser or the Hospital from and after the Effective Date, Sellers shall remit such funds to the Purchaser within ten (10) business days after receipt thereof.

(d) Within ten (10) business days after any of the Sellers or any affiliate receives or comes into possession or control of any other asset or a liability, or any remittance, mail or other communication that is or primarily pertains to an Acquired Asset or an Assumed Liability, Sellers shall transfer, assign or convey such asset, liability or related item to the Sellers at the Purchaser's cost. Until such transfer, assignment and conveyance, the Sellers shall not have any right, title or interest in or obligation or responsibility with respect to such asset or liability except that the Sellers shall hold such asset in trust for the benefit of the Purchaser. The Sellers shall have neither the right to offset amounts payable to the Purchaser under this Section 11.1(d) against, nor the right to contest its obligation to transfer, assign and convey to the Purchaser because of, outstanding claims, liabilities or obligations asserted by the Sellers against the Purchaser including but not limited to the indemnification provisions of Section 12.3. If the Sellers do not remit any payments or remittances due to the Purchaser under this Section 11.1(d) in accordance with the first sentence of this Section 11.1(d), such payments or remittances shall bear interest at the Prime Rate in effect on the last calendar day upon which such payment was required to be made to the Purchaser (the "**Purchaser Payment Due Date**") plus two percent (2%) per annum (or the maximum rate allowed by law, whichever is less), such interest accruing after the Purchaser Payment Due Date until payment, including all interest thereon, is made to the Purchaser.

(e) Notwithstanding the foregoing, the Parties acknowledge that certain disproportionate share payments or other governmental, safety net, care delivery transformation or similar programs, including those identified and agreed to by the Parties prior to the Closing Date (the "**Safety Net or Care Transformation Payments**") are determined and paid by the governmental program or payor in a particular governmental fiscal year based on data taken from a prior governmental fiscal year. Accordingly, the Parties agree as follows:

(i) If on or after the Effective Date, Sellers receive one or more Safety Net or Care Transformation Payments that were due to be paid during, or that are (or to the extent are) intended by the governmental payor to serve as compensation for services provided or expenditures made in a period prior to the Effective Date, Sellers shall retain such payment. If however, Sellers receives such a payment that was (or to the extent was) intended to be paid to cover a period that includes the Effective Date, the payment shall be apportioned between the Sellers and the Purchaser based on the number of months during the applicable period for which the payment relates that each Party owned the Hospital; provided, however, that to the extent Safety Net or Care Transformation Payments due in one governmental fiscal year are paid in a subsequent governmental fiscal year, the Safety Net or Care Transformation Payments will be apportioned among the Parties as if they had been made in the governmental fiscal year such payments were due.

(ii) If Purchasers receive a Safety Net or Care Transformation Payment after the Effective Date that was (1) scheduled to be paid prior to the Effective Date; or (2) intended to serve as compensation for services provided or expenditures made in a period

prior to the Effective Date, Purchasers shall forward such payment to Sellers within ten (10) business days after receipt, in accordance with the provisions of Sections 11.1(a) and (b). If Purchasers receive a Safety Net or Care Transformation Payment that was intended to serve as compensation for a period that includes the period prior to the Effective Date and a period from and after the Effective Date, the Purchaser will assure that the payment is apportioned between the Parties in proportion to the number of months each Party owned the Hospital during the period for which the payment relates; provided, however, that to the extent Safety Net or Care Transformation Payments due in one governmental fiscal year are paid in a subsequent governmental fiscal year, the Safety Net or Care Transformation Payments will be apportioned among the Parties as if they had been made in the governmental fiscal year such payments were due.

(f) To the extent that Medicare, Medicaid, Blue Cross and other third party payors offset any amounts owing to the Purchaser for periods from and after the Effective Date, or otherwise require the Purchaser to pay any amounts to such third parties as a result of any amounts owing (or allegedly owing) to such third parties by the Sellers in respect of periods prior to the Effective Date or in connection with any of the Excluded Liabilities (the "**Purchaser Offset Amounts**"), the Purchaser shall promptly notify the Sellers of the same and, within fifteen (15) business days after receipt of such notice, the Sellers shall reimburse the Purchaser the amount that has been offset or the amount that the Purchaser is required to pay, as applicable. Notwithstanding the foregoing, however, to the extent any such offset is made relating to acquired Accounts Receivable or any other Acquired Assets or any of the Assumed Liabilities, such offset amounts shall be born solely by Purchaser. Without limiting the Sellers' obligations contained in this Section 11.1(f), upon reimbursement or payment of the amount due to the Purchaser: (i) the Sellers shall have the right to dispute with the applicable payor any such offsets or amounts alleged to be owed to such payor; (ii) the Sellers and the Purchaser shall reasonably cooperate with each other in connection with the Sellers' pursuit of such dispute; and (iii) if the Purchaser subsequently receives any refund from the applicable payor of any amount which the Sellers have paid to the Purchaser pursuant to this Section 11.1(f), the Purchaser shall, within fifteen (15) business days after receipt thereof, pay such amount to the Sellers.

(g) To the extent that Medicare, Medicaid, Blue Cross and other third party payors offset any amounts owing to the Sellers for periods prior to the Effective Date, or otherwise require the Sellers to pay any amounts to such third parties as a result of any amounts owing (or allegedly owing) to such third parties by the Purchaser in respect of periods on or after the Effective Date or in connection with any of the Assumed Liabilities or non-acquired Accounts Receivable (the "**Seller Offset Amounts**"), the Sellers shall promptly notify the Purchaser of the same and, within fifteen (15) business days of receipt of such notice, the Purchaser shall reimburse the Sellers the amount that has been offset or the amount that the Sellers are required to pay, as applicable. Notwithstanding the foregoing, however, to the extent any such offset pertains to any of the Excluded Assets or Excluded Liabilities, such offset amounts shall be born solely by Sellers. Without limiting Purchaser's obligations contained in this Section 11.1(g), upon reimbursement or payment of the amount due to the Sellers: (i) the Purchaser shall have the right to dispute with the applicable payor any such offsets or amounts alleged to be owed to such payor; (ii) the Purchaser and the Sellers shall reasonably cooperate with each other in connection with the Purchaser's pursuit of such dispute; and (iii) if the Sellers subsequently receive any refund from the applicable payor of any amount which the Purchaser

has paid to the Sellers pursuant to this Section 11.1(g), the Sellers shall, within fifteen (15) business days after receipt thereof, pay such amount to the Purchaser.

11.2 Preservation and Access to Records After the Closing

(a) From the Closing Date until seven (7) years after the Closing Date or such longer periods as are legally required (including in connection with any known or threatened governmental investigation or proceeding, or known or threatened civil or criminal proceeding of which the Sellers shall have notified the Purchaser with respect to document retention requirements; provided that such notice identifies the applicable documentation or other records required to be retained with reasonable specificity) (the "**Document Retention Period**"), the Purchaser shall keep and preserve all medical records, patient records, employee records, medical staff records and other books and records which are among the Acquired Assets as of the Effective Date, but excluding any records which are among the Excluded Assets. If, after the expiration of the Document Retention Period but prior to the expiration of applicable statutes of limitation or other legal record retention requirements, the Purchaser intends to destroy or otherwise dispose of any medical records for periods prior to the Effective Date, the Purchaser shall provide written notice to the Sellers of such intention no later than forty-five (45) days prior to the date of such intended destruction or disposal and the Sellers shall have the right, at their sole cost, to take possession of such medical records during such period.

(b) The Purchaser will afford to the representatives of the Sellers, including their counsel and accountants, full and complete access to, and copies (including, electronic and color copies) of, such records (including electronic and color records) with respect to time periods prior to the Effective Date (including access to records of patients treated at the Hospital prior to the Effective Date) during normal business hours after the Effective Date, to the extent reasonably needed by the Sellers or the Sellers' affiliates for proper business purposes, subject to reasonable restrictions pertaining to the time and place of such access.

(c) With respect to any electronic or other records that are among the Excluded Assets but relate to the Acquired Assets or Assumed Liabilities, the Sellers will afford to the representatives of the Purchaser, including its counsel and accountants, full and complete access to, and copies of (including electronic and color copies), such records with respect to time periods prior to the Effective Date, during normal business hours after the Effective Date, to the extent related to the Acquired Assets or Assumed Liabilities and reasonably needed by the Purchaser for proper business purposes, subject to reasonable restrictions pertaining to the time and place of such access.

(d) The Purchaser shall give reasonable cooperation to the Sellers, the Sellers' affiliates and their insurance carriers in respect of the defense of claims by third parties against the Sellers or any affiliate of the Sellers, in respect of events occurring prior to the Effective Date with respect to the operation of the Hospital. Such cooperation shall include, without limitation, making the Hired Employees available for interviews, depositions, hearings and trials. Such cooperation shall also include making all of its employees available to assist in the securing and giving of evidence and in obtaining the presence and cooperation of witnesses. In addition, the Sellers and the Sellers' affiliates shall be entitled to remove from the Hospital originals of any such records, but only for purposes of pending litigation involving the Persons to whom such

records refer, as certified in writing prior to removal by counsel retained by the Sellers or any of the Sellers' affiliates in connection with such litigation. Any records so removed from the Hospital shall also be copied before removal and shall be promptly returned to the Purchaser following the Sellers' or its applicable affiliate's use of such records.

(e) For the purpose of: (i) transitioning the Hospital to the Purchaser pursuant to the transaction contemplated by this Agreement; (ii) granting the Sellers' access to the Excluded Assets; and (iii) enabling the Sellers to satisfy its obligations under the Excluded Liabilities, the Purchaser shall after the Effective Date give the Sellers, the Sellers' affiliates and their respective representatives access during normal business hours to the Purchaser's books, accounts and records and all other relevant documents and information with respect to the Acquired Assets, Excluded Liabilities and pre-Closing business of the Hospital as representatives of the Sellers and the Sellers' affiliates may from time to time reasonably request, all in such manner as not to unreasonably interfere with the operations of the Hospital. The Sellers acknowledge that they shall coordinate their activities contemplated by this Section 11.2(e) through Edward Green or his designee or successor.

(f) The Purchaser and its representatives shall be given access by the Sellers during normal business hours to the extent reasonably needed by the Purchaser for business purposes to all documents, records, correspondence, work papers and other documents retained by the Sellers pertaining to any of the Acquired Assets or Assumed Liabilities with respect to the operation of the Hospital prior to the Effective Date, all in such manner as to not interfere unreasonably with the Sellers' business. Such documents and other materials shall be, at the Sellers' option, either: (i) copied in hard copy or electronic form by the Sellers for the Purchaser; or (ii) removed by the Purchaser from the premises, copied by the Purchaser and promptly returned to the Sellers.

(g) To the maximum extent permitted by law, if any Person requests or demands, by subpoena or otherwise, any documents relating to the Excluded Liabilities, including without limitation, documents relating to the operations of the Hospital or any of the Hospital's committees prior to the Effective Date, prior to any disclosure of such documents, the Purchaser shall notify the Sellers and shall provide the Sellers with the opportunity to object to, and otherwise coordinate with respect to, such request or demand.

(h) No Party shall be entitled to compensation for any cooperation described in Section 11.2(b) through Section 11.2(g) other than reimbursement for its reasonable out-of-pocket expenses.

11.3 Provision of Benefits of Certain Contracts. If, as of the Effective Date, the Sellers are unable to obtain any consent to the assignment of the Sellers' interest in a Material Contract, or if after reasonable effort the Purchaser is unable to enter into a new contract or partial assignment of a contract with respect to an Excluded Multi-Facility Contract that but for being excluded would have been a Material Contract, until such consent, partial assignment or new contract is obtained, the Sellers shall use reasonable commercial efforts to provide the Purchaser the benefits of any such Material Contract and, in the case of an Excluded Multi-Facility Contract, the Hospital's portion of any Excluded Multi-Facility Contract not to exceed six (6) months in length, by cooperating in any reasonable and lawful arrangement designed to

provide such benefits to the Purchaser, and allow the Purchaser to directly enforce such Assumed Contract against the applicable third parties thereto. The Purchaser shall use reasonable commercial efforts to perform, on behalf of the Sellers, the obligations of the Sellers thereunder or in connection therewith arising on and after the Effective Date, with respect to the Acquired Assets, but only to the extent that such action would not result in a material default thereunder or in connection therewith and such obligation would have been, in the case of a Material Contract, an obligation of the Purchaser had it entered into a new contract on substantially similar terms.

11.4 Use of Business Names. Except for the names included as part of the Acquired Assets, the Purchaser covenants neither it nor its affiliates shall use directly, indirectly or in any way that implies that the Hospital continues to be affiliated with Presence Health including with respect to any of the Excluded Assets, names, tradenames, trademarks, symbols or world-wide web addresses associated with the Sellers or the Sellers' affiliates, and with respect to any of the foregoing, all abbreviations and variations thereof, and trademarks, trade names, service marks, copyrights and any applications therefor, symbols and logos related thereto, together with any promotional material, stationery, supplies or other items of inventory bearing such names or symbols or abbreviations or variations thereof. Neither Purchaser nor any affiliate shall use names, tradenames, trademarks, symbols or other designations that, directly, indirectly or in any way imply that the Hospital continues to be affiliated with the Roman Catholic church.

11.5 Removal of Excluded Assets. After the Closing Date, the Purchaser shall provide to the Sellers reasonable access to the Hospital to remove any Excluded Assets at the Hospital, without imposing any charge on the Sellers for the Purchaser's storage or holding of same on and after the Effective Date. Notwithstanding the foregoing, any Excluded Assets that are required to remain at the Hospital to enable the Sellers to provide services under any transitional services agreement (or pursuant to any other agreement) between the Sellers and the Purchaser, shall not be deemed abandoned and shall be permitted to remain at the Hospital during the term of such applicable agreement.

11.6 Option to Purchase. After Closing, for a period of twenty-four (24) months, or other period agreed by the Parties in writing prior to the Closing Date (the "**Option Period**"), Purchaser shall have the right to purchase from Sellers the Excluded Assets described at Section 1.2(f) for a mutually agreed-upon, fair market value purchase price (the "**Purchase Option**"), which Purchase Option shall be negotiated, documented and effectuated independent of the terms of this Agreement. This Section 11.6 shall survive Closing and remain in effect for the duration of the Option Period.

11.7 Time Periods. The terms of this Article 11 shall not be subject to the time limitations contained in Section 12.1 of this Agreement.

ARTICLE 12
SURVIVAL AND INDEMNIFICATION

12.1 Survival. Except as expressly set forth in this Agreement to the contrary, all representations and warranties of the Purchaser and the Sellers, respectively, contained in this

Agreement or in any certificate delivered pursuant hereto shall continue to be fully effective and enforceable following the Closing Date for eighteen (18) months and shall thereafter be of no further force and effect; provided, however, that if there is an outstanding notice of a claim at the end of any such applicable period in compliance with the terms of Section 12.5, such applicable period shall not end in respect of such claim until such claim is resolved. All other covenants, agreements and indemnifications contained in this Agreement or any documents to be delivered hereunder shall survive in accordance with the terms set forth herein or therein.

12.2 Indemnification of the Purchaser by the Sellers

(a) Indemnification. The Sellers shall keep and save the Purchaser, its affiliates, and their respective directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend the Purchaser and such other Persons against any and all obligations, judgments, liabilities, penalties, violations, fees, fines, claims, losses, costs, demands, damages, liens, encumbrances and expenses including reasonable attorneys' fees (collectively, "**Damages**"), to the extent connected with or arising or resulting from: (i) any breach of any representation or warranty of the Sellers under this Agreement (subject to the survival period set forth in Section 12.1); (ii) any breach or default by the Sellers of any covenant or agreement of the Sellers under this Agreement; (iii) the Excluded Liabilities; (iv) the Excluded Assets; (v) all Taxes relating to the Sellers (the "**Seller Tax Claims**"); (vi) any professional liability claim arising out of the business operations of the Hospital prior to the Effective Date; and (vii) any act, conduct or omission of the Sellers that has accrued, arisen, occurred or come into existence at any time prior to the Effective Date. The Sellers' obligations under this Section 12.2(a) shall remain subject to, and shall be limited by, the provisions contained in Section 1.5. No provision in this Agreement shall prevent the Sellers from pursuing any of their legal rights or remedies that may be granted to the Sellers by law against any Person other than the Purchaser.

(b) Indemnification Limitations. Notwithstanding any provision to the contrary contained in this Agreement, the Sellers shall be under no liability to indemnify the Purchaser under Section 12.2(a) and no claim under Section 12.2(a) of this Agreement shall:

(i) Be made unless notice thereof shall have been given by or on behalf of the Purchaser to the Sellers in the manner provided in Section 12.5, unless failure to provide such notice in a timely manner does not materially impair the Sellers' ability to defend their rights, mitigate damages, seek indemnification from a third party or otherwise protect their interests;

(ii) Be made to the extent that any loss may be recovered under a policy of insurance in force on the date of loss; provided, however, that this Section 12.2(b)(ii) shall not apply to deductibles or copayments, any self-insurance program or insurance provided by captive affiliates, or to the extent that coverage under the applicable policy of insurance is denied by the applicable insurance carrier;

(iii) Be made to the extent that such claim relates to a liability arising out of or relating to any act, omission, event or occurrence connected with: (A) the use, ownership or operation of the Hospital on or after the Effective Date, or (B) the use, ownership

or operation of any of the Acquired Assets, on and after the Effective Date (without regard to whether such use, ownership or operation is consistent with the Sellers' policies, procedures and/or practices prior to the Effective Date); other than as specifically included in the Excluded Liabilities;

(iv) Be made to the extent such claim relates to an obligation or liability for which the Purchaser has agreed to indemnify the Sellers pursuant to Section 12.3;

(v) Be made to the extent such claim seeks Damages that are consequential in nature (as opposed to direct), including, without limitation, loss of future revenue or income or loss of business reputation or opportunity (collectively, "**Consequential Damages**"); provided, however, the limitation contained in this Section 12.2(b)(vi) shall not apply to the extent of any payments which the Purchaser or other indemnified Person is required to make to a third party (other than any third party which is an affiliate of either of the Purchaser) which are in the nature of Consequential Damages;

(vi) Be made to the extent that such claim relates to Purchaser's ability to collect the Accounts Receivable included in the Acquired Assets; and

(vii) Accrue under Section 12.2(a)(i) or (ii) to the benefit of the Purchaser unless and only to the extent that: (A) the actual liability of the Sellers to the Purchaser in respect of any single claim under Sections 12.2(a)(i) or (ii) exceeds Ten Thousand Dollars ($10,000) (the "**Relevant Claim Amount**"); and (B) the total actual liability of the Sellers to the Purchaser in respect of all Relevant Claims in the aggregate exceeds Fifty Thousand Dollars ($50,000) (the "**Aggregate Amount**"), in which event the Purchaser or other indemnified Person shall be entitled to seek indemnification under Section 12.2(a) for all claims for Damages which exceed the Aggregate Amount.

Notwithstanding any provision to the contrary contained in this Agreement, the maximum aggregate liability of the Sellers to the Purchaser and other indemnified Persons for claims brought under Section 12.2(a) shall not exceed an amount equal to fifty percent (50%) of the Cash Purchase Payment.

If the Purchaser is entitled to recover any sum (whether by payment, discount, credit or otherwise) from any third party (other than an insurance provider or another Person entitled to indemnification by the Sellers hereunder) in respect of any matter for which a claim of indemnity could be made against the Sellers hereunder, the Purchaser shall use its reasonable endeavors to recover such sum from such third party and any sum recovered will reduce the amount of the claim. If the Sellers pays to the Purchaser an amount in respect of a claim, and the Purchaser subsequently recovers from a third party (other than an insurance provider or another Person entitled to indemnification by the Sellers hereunder) a sum which is referable to that claim, the Purchaser shall forthwith repay to the Sellers so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by the Purchaser in obtaining payment in respect of that claim and in recovering that sum from the third party.

12.3 Indemnification of the Sellers by the Purchaser

(a) Indemnification. The Purchaser shall keep and save the Sellers, and the Sellers' respective directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend the Sellers and such other Persons against any and all Damages, to the extent connected with or arising or resulting from: (i) any breach of any representation or warranty of the Purchaser under this Agreement; (ii) any breach or default by the Purchaser under any covenant or agreement of the Purchaser under this Agreement; (iii) the Assumed Liabilities; (iv) any professional liability claim arising out of the business operations of the Hospital on or after the Effective Date; and (v) any act, conduct or omission of the Purchaser related to the Acquired Assets, Assumed Liabilities or operations of the Hospital that has accrued, arisen, occurred or come into existence at any time on or after the Effective Date. No provision in this Agreement shall prevent the Purchaser from pursuing any of its legal rights or remedies that may be granted to the Purchaser by law against any Person other than the Sellers or any affiliate of the Sellers.

(b) Indemnification Limitations. Notwithstanding any provision to the contrary contained in this Agreement, the Purchaser shall be under no liability to indemnify the Sellers under Section 12.3(a) and no claim under Section 12.3(a) of this Agreement shall:

(i) Be made unless notice thereof shall have been given by or on behalf of the Sellers to the Purchaser in the manner provided in Section 12.5, unless failure to provide such notice in a timely manner does not materially impair the Purchaser's ability to defend its rights, mitigate damages, seek indemnification from a third party or otherwise protect its interests;

(ii) Be made to the extent that any loss may be recovered under a policy of insurance in force on the date of loss; provided, however, that this Section 12.3(b)(ii) shall not apply to deductibles or copayments, any self-insurance program or insurance provided by captive affiliates, or to the extent that coverage under the applicable policy of insurance is denied by the applicable insurance carrier;

(iii) Be made to the extent that such claim relates to a liability of the Sellers arising out of or relating to any act, omission, event or occurrence connected with: (A) the use, ownership or operation of the Hospital prior to the Effective Date, or (B) the use, operation or ownership of any of the Acquired Assets, prior to the Effective Date, other than as specifically included in the Assumed Liabilities;

(iv) Be made to the extent such claim relates to an obligation or liability for which the Sellers have agreed to indemnify the Purchaser pursuant to Section 12.2;

(v) Be made to the extent such claim seeks Consequential Damages; provided, however, the limitation contained in this Section 12.3(b)(v) shall not apply to the extent of any payments which the Sellers or any affiliate of the Sellers is required to make to a third party which are in the nature of Consequential Damages; and

(vi) Be made to the extent such claim related to Seller's ability to collect the Accounts Receivable not included in the Acquired Assets.

(vii) Accrue under Section 12.3(a)(i) or (ii) to the benefit of the Sellers unless and only to the extent that (1) the actual liability of the Purchaser to the Sellers in respect of any claim under Section 12.3(a)(i) or (ii) exceeds the Relevant Claim Amount; and (2) the total actual liability of the Purchaser in respect of all Relevant Claims exceeds the Aggregate Amount, in which event Sellers and other indemnified Persons shall be entitled to seek indemnification under Section 12.3(a) for all claims for Damages which exceed the Aggregate Amount.

If the Sellers are entitled to recover any sum (whether by payment, discount, credit or otherwise) from any third party in respect of any matter for which a claim of indemnity could be made against the Purchaser hereunder, the Sellers shall use reasonable endeavors to recover such sum from such third party and any sum recovered will reduce the amount of the claim. If the Purchaser pays to the Sellers an amount in respect of a claim, and the Sellers subsequently recovers from a third party a sum which is referable to that claim, the Sellers shall forthwith repay to the Purchaser so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by the Sellers in obtaining payment in respect of that claim and in recovering that sum from the third party.

12.4 Purchaser Indemnification and Other Obligation Payment Resource

(a) Credit Facility. No later than October 15, 2014, Purchaser shall have established and agreed in a binding writing to retain in effect for a minimum period of two (2) years after the Closing Date, a credit facility reasonably acceptable to Sellers, which will enable Purchaser to satisfy any indemnification or any other obligation to Sellers that may arise pursuant to the terms hereof, including reimbursement of any amounts paid by Sellers in connection with (a) any Assumed Contracts, for obligations arising in connection with operation or use of the Hospital or other Acquired Assets, or otherwise, after the Closing Date; and (b) any Assumed Liability. Sellers agree that a working capital line of credit of at least $15 Million will constitute a reasonably acceptable credit facility for purposes of this Section 12.4(a).

(b) For the period from the third (3rd) anniversary of the Effective Date, until the day to the eighth (8th) anniversary thereof, the obligations of Purchaser hereunder will be subject to a corporate guaranty, in such form as is reasonably agreed to by the Parties.

12.5 Method of Asserting Claims. All claims for indemnification by any person entitled to indemnification (the "**Indemnified Party**") under this Article 12 will be asserted and resolved as follows:

(a) *Third Party Claims.* In the event any claim or demand, for which a party hereto (an "**Indemnifying Party**") would be liable for the Damages to an Indemnified Party, is asserted against or sought to be collected from such Indemnified Party by a person other than the Sellers, the Purchaser or its affiliates (a "**Third Party Claim**"), the Indemnified Party shall deliver a notice of its claim (a "**Claim Notice**") to the Indemnifying Party within thirty (30) calendar days after the Indemnified Party receives written notice of such Third Party Claim; provided, however, that notice shall be provided to the Indemnifying Party within fifteen (15) calendar days after receipt of a complaint, petition or institution of other formal legal action by the Indemnified Party. If the Indemnified Party fails to provide the Claim Notice within such

applicable time period after the Indemnified Party receives written notice of such Third Party Claim and thereby materially impairs the Indemnifying Party's ability to protect its interests, the Indemnifying Party will not be obligated to indemnify the Indemnified Party with respect to such Third Party Claim. The Indemnifying Party will notify the Indemnified Party within thirty (30) calendar days after receipt of the Claim Notice (the "**Notice Period**") whether the Indemnifying Party desires, at the sole cost and expense of the Indemnifying Party, to defend the Indemnified Party against such Third Party Claim.

(i) *Defense by Indemnifying Party.* If the Indemnifying Party notifies the Indemnified Party within the Notice Period that the Indemnifying Party desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section 12.5(a), then subject to the immediately succeeding sentence the Indemnifying Party will have the right to defend, at its sole cost and expense, such Third Party Claim by all appropriate proceedings, which proceedings will be prosecuted by the Indemnifying Party to a final conclusion or will be settled at the discretion of the Indemnifying Party. To the extent the Third Party Claim is solely for money damages, the Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof. Notwithstanding the foregoing, the Indemnified Party may, at its sole cost and expense, file during the Notice Period any motion, answer or other pleadings that the Indemnified Party may deem necessary or appropriate to protect its interests or those of the Indemnifying Party and which is not prejudicial, in the reasonable judgment of the Indemnifying Party, to the Indemnifying Party. Except as provided in Section 12.5(a)(ii) hereof, if an Indemnified Party takes any such action that is prejudicial and causes a final adjudication that is adverse to the Indemnifying Party, the Indemnifying Party will be relieved of its obligations hereunder with respect to the portion of such Third Party Claim prejudiced by the Indemnified Party's action. If requested by the Indemnifying Party, the Indemnified Party agrees, at the sole cost and expense of the Indemnifying Party, to cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the person asserting the Third Party Claim, or any cross-complaint against any person (other than the Indemnified Party or any of its affiliates). The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 12.5(a)(i), and except as specifically provided in this Section 12.5(a)(i), the Indemnified Party will bear its own costs and expenses with respect to such participation.

(ii) *Defense by Indemnified Party.* If the Indemnifying Party fails to notify the Indemnified Party within the Notice Period that the Indemnifying Party desires to defend the Indemnified Party pursuant to this Section 12.5(a), or if the Indemnifying Party gives such notice but fails to prosecute diligently or settle the Third Party Claim, or if the Indemnifying Party fails to give any notice whatsoever within the Notice Period, then the Indemnified Party will have the right to defend, at the sole cost and expense of the Indemnifying Party, the Third Party Claim by all appropriate proceedings, which proceedings will be promptly and reasonably prosecuted by the Indemnified Party to a final conclusion or will be settled at the discretion of the Indemnified Party. The Indemnified Party will have full control of such defense and proceedings, including any compromise or settlement thereof; provided, however, that if requested by the Indemnified Party, the Indemnifying Party agrees, at the sole cost and expense of the Indemnifying Party, to cooperate with the Indemnified Party and its counsel in contesting

any Third Party Claim which the Indemnified Party is contesting, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the person asserting the Third Party Claim, or any cross-complaint against any person (other than the Indemnifying Party or any of its affiliates). Notwithstanding the foregoing provisions of this Section 12.5(a)(ii), if the Indemnifying Party has notified the Indemnified Party with reasonable promptness that the Indemnifying Party disputes its liability to the Indemnified Party with respect to such Third Party Claim and if such dispute is resolved in favor of the Indemnifying Party, the Indemnifying Party will not be required to bear the costs and expenses of the Indemnified Party's defense pursuant to this Section 12.5(a)(ii) or of the Indemnifying Party's participation therein at the Indemnified Party's request, and the Indemnified Party will reimburse the Indemnifying Party in full for all reasonable costs and expenses incurred by the Indemnifying Party in connection with such litigation. Subject to the above terms of this Section 12.5(a)(ii), the Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this Section 12.5(a)(ii), and the Indemnifying Party will bear its own costs and expenses with respect to such participation. The Indemnified Party shall give sufficient prior notice to the Indemnifying Party of the initiation of any discussions relating to the settlement of a Third Party Claim to allow the Indemnifying Party to participate therein.

(b) *Other Claims.* In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder that either: (i) does not involve a Third Party Claim being asserted against or sought to be collected from the Indemnified Party; or (ii) is a Seller Tax Claim, the Indemnified Party shall deliver an Indemnity Notice (as hereinafter defined) to the Indemnifying Party. (The term "**Indemnity Notice**" shall mean written notification of a claim for indemnity under Article 12 hereof (which claim does not involve a Third Party Claim or is a the Seller Tax Claim) by an Indemnified Party to an Indemnifying Party pursuant to this Section 12.5, specifying the nature of and specific basis for such claim and the amount or the estimated amount of such claim.) The failure by any Indemnified Party to give the Indemnity Notice shall not impair such party's rights hereunder except to the extent that an Indemnifying Party demonstrates that it has been prejudiced thereby.

(c) *Failure to Respond or Dispute of Liability by Indemnifying Party.* If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of a Claim Notice or an Indemnity Notice that the Indemnifying Party disputes its liability to the Indemnified Party hereunder, such claim specified by the Indemnified Party will be conclusively deemed a liability of the Indemnifying Party hereunder and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand, or on such later date: (i) in the case of a Third Party Claim, as the Indemnified Party suffers the Damages in respect of such Third Party Claim; (ii) in the case of an Indemnity Notice in which the amount of the claim is estimated, when the amount of such claim becomes finally determined; or (iii) in the case of a the Seller Tax Claim, within fifteen (15) calendar days following final determination of the item giving rise to the claim for indemnity. If the Indemnifying Party has timely disputed its liability with respect to such claim, as provided above, the Indemnifying Party and the Indemnified Party agree to proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations, such dispute will be resolved by adjudication by a court or similar tribunal.

(d) *Reasonable Access.* The Indemnified Party agrees to give the Indemnifying Party reasonable access to the books and records and employees of the Indemnified Party in connection with the matters for which indemnification is sought hereunder, to the extent the Indemnifying Party reasonably deems necessary in connection with its rights and obligations hereunder.

(e) *Assistance and Cooperation.* The Indemnified Party shall assist and cooperate with the Indemnifying Party in the conduct of litigation, the making of settlements and the enforcement of any right of contribution to which the Indemnified Party may be entitled from any person or entity in connection with the subject matter of any litigation subject to indemnification hereunder. In addition, the Indemnified Party shall, upon request by the Indemnifying Party or counsel selected by the Indemnifying Party (without payment of any fees or expenses to the Indemnified Party or an employee thereof), attend hearings and trials, assist in the securing and giving of evidence, assist in obtaining the presence or cooperation of witnesses, and make available its own personnel; and shall do whatever else is necessary and appropriate in connection with such litigation. The Indemnified Party shall not make any demand upon the Indemnifying Party or counsel for the Indemnifying Party in connection with any litigation subject to indemnification hereunder, except a general demand for indemnification as provided hereunder. If the Indemnified Party shall fail to perform such obligations as Indemnified Party hereunder or to cooperate fully with the Indemnifying Party in Indemnifying Party's defense of any suit or proceeding, such cooperation to include, without limitation, attendance at all depositions and the provision of all documents (subject to appropriate privilege) relevant to the defense of any claim, then, except where such failure does not have materially impair the Indemnifying Party's defense after notice to the Indemnified Party and ten (10) days to cure, the Indemnifying Party shall be released from all of its obligations under this Agreement with respect to that suit or proceeding and any other claims which had been raised in such suit or proceeding.

(f) *Subrogation.* Following indemnification as provided for hereunder, the Indemnifying Party shall be subrogated to all rights of the Indemnified Party with respect to all persons or entities relating to the matter for which indemnification has been made; provided, however, that the Indemnifying Party shall have no subrogation rights to seek reimbursement through or from the Indemnified Party's insurance policies, program, coverage, carriers or beneficiaries.

12.6 Exclusive. Other than claims for fraud or equitable relief (which equitable relief claims are nevertheless subject to Section 12.1), any claim arising under this Agreement or in connection with or as a result of the transactions contemplated by this Agreement or any Damages or injury alleged to be suffered by any party as a result of the actions or failure to act by any other party shall, unless otherwise specifically stated in this Agreement, be governed solely and exclusively by the provisions of this Article 12. If the Sellers and the Purchaser cannot resolve such claim by mutual agreement, such claim shall be determined by adjudication by a court or other tribunal subject to the provisions of this Article 12.

ARTICLE 13
TAX AND COST REPORT MATTERS

13.1 Tax Matters; Allocation of Purchase Payment.

(a) After the Closing Date, the Parties shall cooperate fully with each other and shall make available to each other, as reasonably requested, all information, records or documents relating to tax liabilities or potential tax liabilities attributable to the Sellers with respect to the operation of the Hospital for all periods prior to the Effective Date and shall preserve all such information, records and documents at least until the expiration of any applicable statute of limitations or extensions thereof. The Parties shall also make available to each other as reasonably required, and at the reasonable cost of the requesting party (for out-of-pocket costs and expenses only), personnel responsible for preparing or maintaining information, records and documents in connection with tax matters.

(b) The Cash Purchase Payment shall be allocated among each category of the Acquired Assets as agreed in writing by the Parties prior to the Closing Date. The Sellers and the Purchaser hereby agree to be bound by such allocations, to account for and report the purchase and sale of the Acquired Assets contemplated hereby for federal and state tax purposes in accordance with such allocations, and not to take any position (whether in tax returns, tax audits, or other tax proceedings), that is inconsistent with such allocations without the prior written consent of the other Parties.

13.2 Cost Report Matters

(a) After the Effective Date, the Sellers shall timely file (and provide copies to Purchaser of) all Medicare, Medicaid, TRICARE, Blue Cross and any other termination cost reports required to be filed as a result of the consummation of: (a) the transfer of the Acquired Assets to the Purchaser; and (b) the transactions contemplated by this Agreement for all periods through the Closing Date (the "**Seller Cost Reports**"). All such termination cost reports shall be filed by the Sellers in a manner that is consistent with the then current laws, rules and regulations. The Sellers will be solely responsible, financially and otherwise, for the contents of all such termination cost reports (and related claims and documentation), except with respect to any financial liability arising in connection with any acquired Accounts Receivable. Sellers shall accordingly retain the right to control the appeal of any Medicare, Medicaid or Blue Cross determinations relating to any of the Seller Cost Reports (except with respect to any matters for which Purchaser is liable, under acquired Accounts Receivable, in which case Sellers and Purchaser shall coordinate with each other as appropriate).

(b) The Purchaser shall forward to the Sellers any and all correspondence relating to the Seller Cost Reports or rights to settlements and retroactive adjustments on the Seller Cost Reports ("**Agency Settlements**") within fifteen (15) business days after receipt by the Purchaser. The Purchaser will forward any demand for payments with respect to the Agency Settlements or the Seller Cost Reports within fifteen (15) business days after receipt by the Purchaser, except to the extent any liabilities under a Seller Cost Report are Assumed Liabilities.

(c) Upon reasonable notice and during normal business office hours, the Purchaser will cooperate with the Sellers in regard to the preparation and filing of the Seller Cost Reports. Upon reasonable notice and during normal business office hours, the Purchaser will cooperate with the Sellers in connection with any cost report disputes and/or other claim adjudication matters relative to governmental program reimbursement. Such cooperation shall include, at Sellers' cost, obtaining files at the Hospital and the Purchaser's provision to the Sellers of data and statistics, and the coordination with the Sellers pursuant to reasonable notice of Medicare, Medicaid and Blue Cross exit conferences or meetings.

ARTICLE 14
MISCELLANEOUS PROVISIONS

14.1 Further Assurances and Cooperation. The Sellers shall execute, acknowledge and deliver to the Purchaser any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments reasonably requested by the Purchaser at any time and shall take any and all other actions reasonably requested by the Purchaser at any time for the purpose of more effectively assigning, transferring, granting, conveying and confirming to the Purchaser, the Acquired Assets. After consummation of the transaction contemplated in this Agreement, the Parties agree to cooperate with each other and take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement, the documents referred to in this Agreement and the transactions contemplated hereby.

14.2 Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the respective successors and assigns of the Parties hereto. No Party may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other Parties, except that Purchaser may assign its rights to receive a return of the Purchaser Deposit as set forth in Section 2.3 to Muneris Capital Group, LLC or its related fund, SCM Specialty Finance Opportunities Fund, L.P. The Purchaser may designate one or more affiliates to take title to some of the Acquired Assets or to assume some of the Assumed Liabilities upon the Sellers' receipt of evidence that such affiliates have agreed to assume all of the Purchaser's obligations hereunder related to such assets or obligations and the Purchaser and the affiliates have complied with applicable laws and regulations governing the transfer of such assets or obligations, in a form reasonably acceptable to the Sellers.

14.3 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Illinois as applied to contracts made and performed within the State of Illinois. The Parties hereby waive their right to claim in any proceeding involving this Agreement that the law of any jurisdiction other than the State of Illinois shall apply to such dispute; and the Parties hereby covenant that they shall assert no such claim in any dispute arising under this Agreement.

14.4 Amendments. This Agreement may not be amended other than by written instrument signed by the Parties.

14.5 Updating of Schedules. From the Execution Date through the Closing Date, the Sellers shall update the Schedules that are attached to this Agreement as necessary to assure that such Schedules are accurate and complete as of the Closing Date. Any matter disclosed in or pursuant to this Agreement or in the Schedules with reference to any Section of this Agreement shall be deemed a disclosure in respect of all sections to which such disclosure may apply.

14.6 Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including facsimile) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

With a copy to:	Presence Health 200 S. Wacker Drive Chicago, IL 60606 Attention: Jeannie C. Frey, Esq. Chief Legal Officer and General Counsel Facsimile No.: Available upon request
With a copy to:	McDermott Will & Emery LLP 227 W. Monroe Street Chicago, IL 60606 Attention: Kerrin B. Slattery, Esq. Facsimile No.: 312.984.7700
If to the Purchaser:	Community First Healthcare of Illinois, Inc. 5645 W. Addison Chicago IL 60631 Attention: Board of Directors Facsimile No.: Available upon request
With a copy to:	Foley & Lardner, LLP 321 N. Clark St, Ste. 2800 Chicago, IL 60654 Attention: Edward J. Green, Esq. Facsimile No.: 312-832-4700

or at such other address as one party may designate by notice hereunder to the other Parties.

14.7 Headings. The section and other headings contained in this Agreement and in the Schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the Schedules hereto.

14.8 Confidentiality and Publicity. The Parties hereto shall hold in confidence the information contained in this Agreement, and all information related to this Agreement, which is

not otherwise known to the public, shall be held by each Party hereto as confidential and proprietary information and shall not be disclosed without the prior written consent of the other Parties. Accordingly, the Purchaser and the Sellers shall not discuss with, or provide nonpublic information to, any third party concerning this transaction prior to the Effective Date, except:

(a) for such Party's attorneys, accountants, directors, officers and employees, the directors, officers and employees of any affiliate of any Party hereto, and other consultants and professional advisors to the extent such disclosure is necessary in connection with the pursuit or consummation of the transactions contemplated hereunder;

(b) as required by law or in governmental filings or judicial, administrative or arbitration proceedings, including without limitation any filings to be made by the Parties with respect to the HSR Act, to the IHFSRB, the Attorney General of Illinois, or other governmental agencies or bodies, and the authorities or individuals associated with the Roman Catholic Church; provided, however, each Party shall consult with the other Party prior to making any such filings and the applicable Party shall modify any portion thereof if the other Party reasonably objects thereto, unless the same may be required by applicable law; and

(c) pursuant to public announcements made with the prior written approval of the Sellers and the Purchaser, or (c) to enforce its rights under this Agreement. The rights of the Sellers under this Section 14.8 shall be in addition and not in substitution for the rights of the Sellers and the Sellers' affiliates under the Confidentiality Agreement, which shall survive Closing.

14.9 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by all Parties hereto.

14.10 Gender and Number; Construction. All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word "including" followed by a listing does not limit the preceding words or terms and shall mean "including, without limitation."

14.11 Third Party Beneficiary. None of the provisions contained in this Agreement are intended by the Parties, nor shall they be deemed, to confer any benefit on any person not a party to this Agreement.

14.12 Expenses and Attorneys' Fees

(a) Except as otherwise provided in this Agreement, each Party shall bear and pay its own costs and expenses relating to the preparation of this Agreement and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, this Agreement, including without limitation, the disbursements and fees of their respective attorneys, accountants, advisors, agents and other representatives, incidental to the preparation and carrying out of this Agreement, whether or not the transactions contemplated hereby are consummated. The Parties expressly agree further that all documentary transfer taxes, stamp taxes and recording charges in connection with the conveyance of the Acquired

Assets to the Purchaser shall be shared equally by the Sellers, on the one hand, and by the Purchaser, on the other hand.

(b) The Parties expressly agree further that the following costs and expenses shall be borne by the Sellers in connection with the transactions contemplated by this Agreement: (1) all costs and expenses associated with obtaining any required consents under any of the Assumed Contracts; and (2) all costs and expenses associated with obtaining any required approvals or of the Attorney General of Illinois.

(c) The Parties expressly agree further that the following costs and expenses shall be borne by the Purchaser: (i) all of the costs of the Surveys and of the Title Commitment and the Title Policy, and all costs and expenses associated with any endorsements to the Title Policy; (ii) all fees required under the HSR Act or IHFSRB rules in connection with the proposed transaction; (iii) all costs of real property Surveys and environmental and engineering reports; and (iv) all costs and expenses associated with obtaining a new contract (whether with an existing or new Hospital vendor) in lieu of any Assumed Contract. If any action is brought by any party to enforce any provision of this Agreement, the prevailing Party shall be entitled to recover its court costs and reasonable attorneys' fees.

14.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the Parties hereto. The Parties agree that facsimile copies of signatures shall be deemed originals for all purposes hereof and that a Party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder.

14.14 Entire Agreement. This Agreement, the Exhibits and Schedules, and the documents and agreements referred in or provided pursuant to this Agreement contain the entire understanding between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, representations and statements, oral or written, between the Parties on the subject matter hereof, which superseded agreements shall be of no further force or effect.

14.15 No Waiver. Any term, covenant or condition of this Agreement may be waived at any time by the Party which is entitled to the benefit thereof but only by a written notice signed by the Party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a Party shall not be deemed to be a waiver of any preceding breach by any other party of any term, covenant or condition of this Agreement, other than the failure of such other Party to perform the particular duties so accepted, regardless of the accepting Party's knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement.

14.16 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or

circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14.17 Mediation. If the Parties are unable to resolve any dispute between them after using good faith efforts to do so for a period of at least thirty (30) days, either Party may request that the dispute be resolved by non-binding mediation upon terms and conditions to be agreed by the Parties at the time of submission. Compliance with this Section 14.18 is a condition precedent to instituting formal legal proceedings in any court of law. Nothing in this Section shall prevent a Party from seeking injunctive or other equitable relief against the other Party.

14.18 Time is of the Essence. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

14.19 Definitions. The terms listed below are defined elsewhere in this Agreement and, for ease of reference, the section containing the definition of each such term is set forth opposite such term.

Term	**Section**
2012 & 2013 Hospital Financials	§4.10(a)
Accounts Receivable	§1.1(l)
Accrued EIB	§1.3(d)
Accrued PTO	§1.3(d)
Acquired Assets	§1.1
Affiliate	§6.6(b)
Agency Settlements	§13.2(b)
Aggregate Amount	§12.2(b)(vii)
Agreement	Preamble
Ambulatory Business	§1.7(b)(ii)
Assumed Contracts	§1.1(f)
Assumed Liabilities	§1.3
Audit Periods	§4.8(d)
Bills of Sale	§3.2(a)
Capital Commitment	§1.7(a)(v)
Cash Purchase Payment	§2.1
Claim Notice	§12.5(a)
Closing	§3.1
Closing Date	§3.1
Competing Business	§1.7(b)(i)
Confidential Information	§7.4
Confidentiality Agreement	§7.4
Consequential Damages	§12.2(b)(v)
Control	§6.6(b)
Damages	§12.2(a)
Document Retention Period	§11.2(a)

Term	Section
DOJ	§6.10
Effective Date	§3.1
Environmental Laws	§4.6(c)
Environmental Permits	§4.6(b)
Excluded Contracts	§1.1(f)
Excluded Assets	§1.2
Excluded Liabilities	§1.4
Execution Date	Preamble
Financial Statements	§4.10(a)
FTC	§6.10
Hazardous Substances	§4.6(c)
Hired Employees	§7.3(a)
Hospital	Recitals
Hospital Interim Period 2014 Financials	§4.10(a)
HSR Act	§6.10
IHFSRB	§7.2
Indemnified Party	§12.5
Indemnifying Party	§12.5(a)
Indemnity Notice	§12.5(b)
Inventory	§1.1(k)
knowledge of the Purchaser	§5.10
knowledge of the Sellers	§4.17
Leadership Team	§6.3(b)
Leased Real Property	§1.1(b)
Leases	§1.1(e)
Licenses	§1.1(d)
Long-Term Debt	§1.4(o)
Marked Commitment	§9.9
Material Adverse Change	§9.14
Material Consents	§9.8
Material Contracts	§4.4(a)(iv)
Multi-Facility Contracts	§1.1(f)
Notice Period	§12.5(a)
Option Period	§11.6
Other Acquired Assets	§1.1(r)
Other Assumed Liabilities	§1.3(j)
Other Excluded Contracts	§1.1(f)
Owned Real Property	§1.1(a)
Parties	Preamble
Party	Preamble
Permitted Encumbrances	§4.7(b)
Person	§6.6(b)
Personal Property	§1.1(c)
Personal Property Leases	§1.1(e)
Pharmacy	§1.1(i)

Term	Section
POLR	Preamble
Power of Attorney	§3.2(g)
Prepaids	§1.1(j)
PHN	Preamble
Presence Health system	§1.7(b)(i)
Prime Rate	§11.1(b)
Purchaser Payment Due Date	§11.1(d)
Purchaser Deposit	§2.3(a)
Purchase Option	§11.6
Purchaser Offset Amounts	§11.1(f)
Purchaser	Preamble
Purchaser's knowledge	§5.10
Real Estate Assignments	§3.2(b)
Real Property	§1.1(b)
Relevant Claim Amount	§12.2(b)(vii)
Retained Employees	§7.3(a)
Safety Net or Care Transformation Payments	§11.1(e)
Seller Cost Reports	§13.2(a)
Seller Leases	§1.1(e)
Seller Offset Amounts	§11.1(g)
Seller Payment Due Date	§11.1(b)
Seller Plan(s)	§4.12
Seller Tax Claims	§12.2(a)
Sellers	Preamble
Sellers' knowledge	§4.17
Shared Service Area	§1.7(b)(i)
Solvency	§5.9
Surveys	§6.8
Tax	§4.16
Tax Return	§4.16
Taxes	§4.16
Third Party Claim	§12.5(a)
Title Commitment	§6.8
Title Company	§6.8
Title Instruments	§6.8
Title Policy	§6.8
TJC	§4.8(b)
Transition Period	§7.3(a)
WARN	§1.3(c)

[Signatures on following page]

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

SELLERS:

Presence Our Lady of the Resurrection Medical Center

Signature: Jeannie C. Frey

Printed Name: Jeannie C. Frey

Title: Secretary

Presence Health Network

Signature: Sandra Bruce

Printed Name: Sandra Bruce

Title: President and CEO

PURCHASER:

Community First Healthcare of Illinois, Inc.

Signature: _____

Printed Name: _____

Title: _____

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

SELLERS:

Presence Our Lady of the Resurrection Medical Center

Signature:_____

Printed Name:_____

Title:_____

Presence Health Network

Signature:_____

Printed Name:_____

Title:_____

PURCHASER:

Community First Healthcare of Illinois, Inc.

Signature:_____

Printed Name: Rick Muckelrath

Title: Principal

EXHIBITS AND SCHEDULES

TO

ASSET PURCHASE AGREEMENT

by and among

Presence Our Lady of the Resurrection Medical Center
and Presence Health Network,
each an Illinois not-for-profit corporation

and

Community First Healthcare of Illinois, Inc.,
an Illinois benefit corporation

DATED: September 16, 2014

EXHIBITS AND SCHEDULES

EXHIBITS	DESCRIPTION
Exhibit A	Hospital Campus
Exhibit B	Shared Services Area

SCHEDULES	DESCRIPTION
1.1(a)	Owned Real Property
1.1(b)	Leased Real Property
1.2(f)	Excluded Real Property
4.8(d)	Audit Periods
5.5	Purchaser Brokers and Finders
5.7	Purchaser Legal Proceedings

EXHIBIT A

HOSPITAL CAMPUS

The Hospital campus includes the Hospital building, parking areas and the Professional Office building, as depicted on the attached map.

Presence Our Lady of the Resurrection Medical Center
Facilities Summary

Use	Address	Type of Facility	Approx. Square Feet	Code on Map
Hospital	5645 W. Addison St	Multi-story acute care facility	337,500	A
Child Care Center	3522 Central Ave	Single-story, standalone facility	4,700	B
Parking Structure	Multiple	Multi-story facility	250,000	C
Professional Office Building	5600 W. Addison St	Multi-story facility	37,000	D
Large Suface Lot	Multiple	Vacant	14,000	E
Small Suface Lot	Multiple	Vacant	6,500	F
Residential Homes	5616/27/33/41/47/58 Eddy St	Single family homes (rented)	3,750 [1]	G

Source: System Management

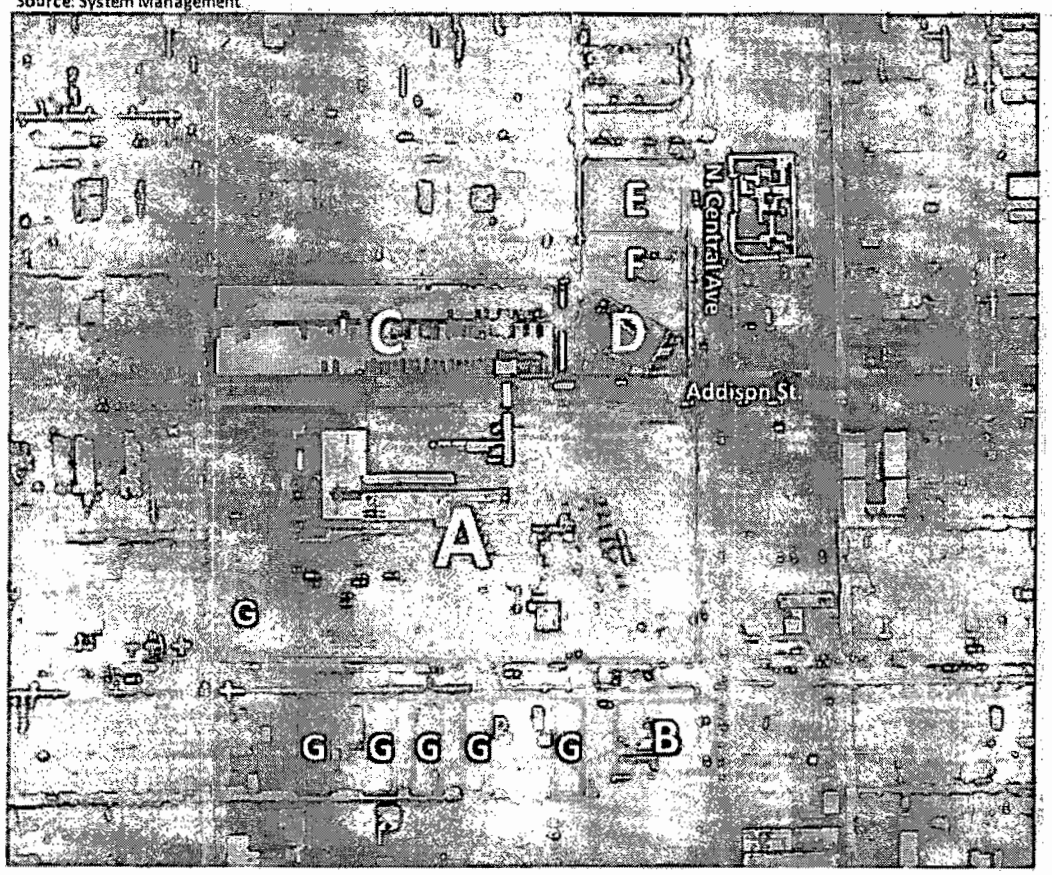


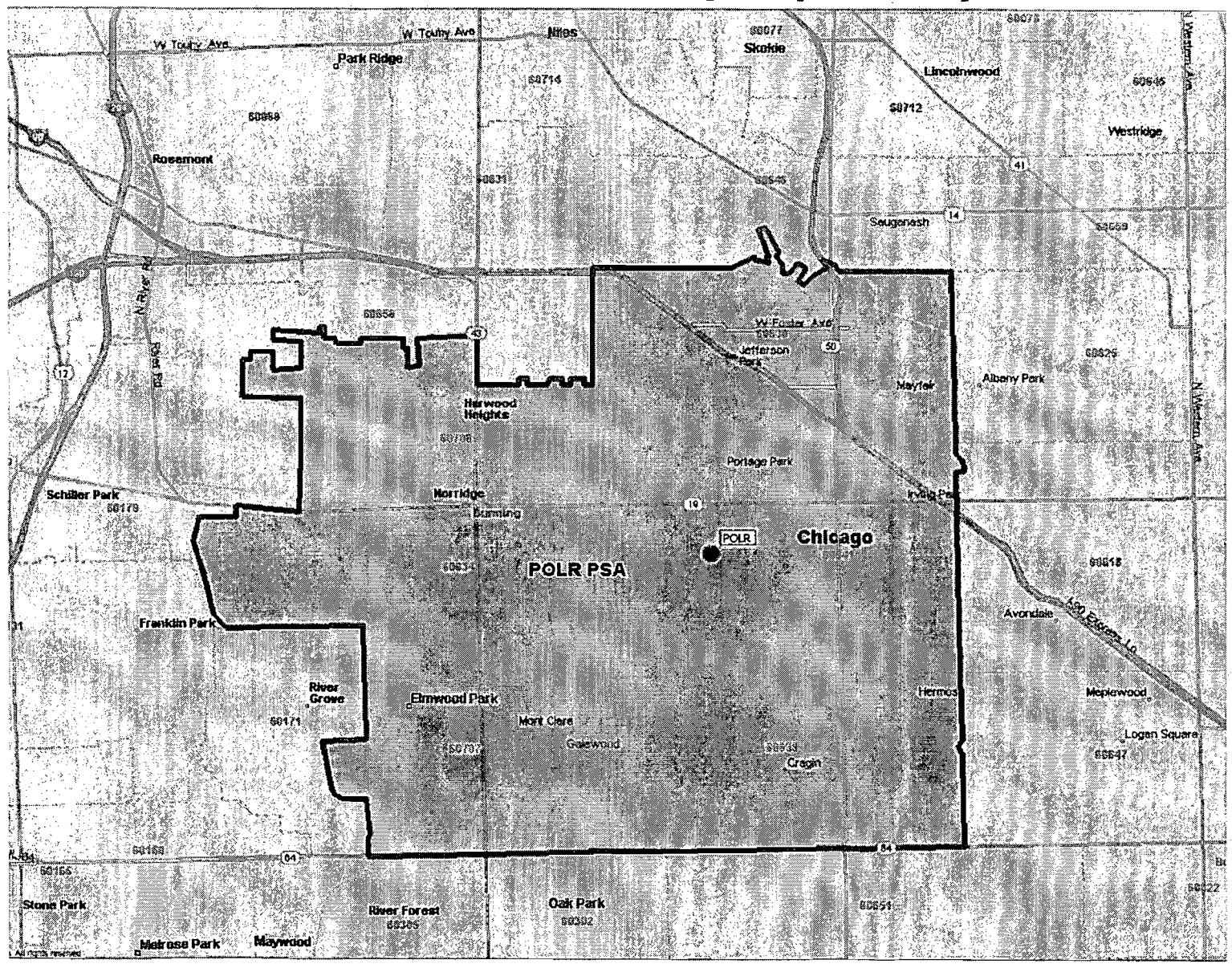
EXHIBIT B

SHARED SERVICES AREA

Community Name	Zip Code
Jefferson Park	60630
Dunning	60634
Cragin	60639
Irving Park	60641
Harwood Height/Norridge	60706
Elmwood Park	60707

See attached map

Presence Our Lady of the Resurrection Medical Center
Primary Service Area (6 Zip Codes)



SCHEDULE 1.1(a) OWNED REAL PROPERTY

All of the land, buildings and other real property otherwise comprising the campus of the Hospital, including hospital building, professional office building, outpatient building and radiology center, administrative buildings and other real property primarily associated or used with respect to the operation of the Hospital, including the real property that is described in Schedule 1.1(a) (with PIN number and street address) together with all improvements and fixtures located thereupon and all construction in progress, rights, privileges and appurtenances thereto (collectively, the "**Owned Real Property**"):

See attached

List of Owned Real Property			
PIN	Address	Use	Location on Map (See Exhibit A)
13-20-231-017	5644 WEST ADDISON,CHICAGO	OLR PARKING STRUCTURE	C
13-20-231-018	5640 WEST ADDISON,CHICAGO	OLR PARKING STRUCTURE	C
13-20-231-019	5632 WEST ADDISON,CHICAGO	OLR PARKING STRUCTURE	C
13-20-231-022	5616 WEST ADDISON,CHICAGO	OLR PARKING STRUCTURE	C
13-20-231-023	3622 NORTH CENTRAL,CHICAGO	OLR PARKING	E
13-20-231-024	3624 NORTH CENTRAL,CHICAGO	OLR PARKING	E
13-20-231-025	3614 NORTH CENTRAL,CHICAGO(CANTINA LOT)	OLR PARKING(CANTINA LOT)	F
13-20-231-026	3610 NORTH CENTRAL,CHICAGO(CANTINA BLDG)	OLR PARKING(CANTINA LOT)	F
13-20-231-027	3602 NORTH CENTRAL,CHICAGO (5600 CENTRAL)	OLR POB	D
13-20-231-030	5622 WEST ADDISON,CHICAGO	OLR PARKING STRUCTURE	C
13-20-231-031	5652 WEST ADDISON,CHICAGO	OLR PARKING STRUCTURE	C
13-20-403-003	5745 WEST ADDISON,CHICAGO	WEST END OF HOSPITAL	A
13-20-403-015	5654 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-016	5650 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-017	5654 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-018	5654 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-019	5654 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-020	5654 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-021	5654 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-022	5654 WEST EDDY ST, CHICAGO	REAR DRIVE	A
13-20-403-023	5630 WEST EDDY ST, CHICAGO	REAR OF HOSPITAL	A
13-20-403-024	5630 WEST EDDY ST, CHICAGO	REAR OF HOSPITAL	A
13-20-403-025	5630 WEST EDDY ST, CHICAGO	REAR OF HOSPITAL	A
13-20-403-026	5630 WEST EDDY ST, CHICAGO	REAR OF HOSPITAL	A
13-20-403-027	5630 WEST EDDY ST, CHICAGO	REAR OF HOSPITAL	A
13-20-403-028	5630 WEST EDDY ST, CHICAGO	PARKING, REAR	A
13-20-403-029	3554 NORTH CENTRAL,CHICAGO	HOSPITAL	A
13-20-403-030	3552 NORTH CENTRAL,CHICAGO	HOSPITAL	A

13-20-403-030	3552 NORTH CENTRAL,CHICAGO	HOSPITAL	A
13-20-403-031	3550 NORTH CENTRAL,CHICAGO	HOSPITAL	A
13-20-403-032	3546 NORTH CENTRAL,CHICAGO	HOSPITAL	A
13-20-403-033	3544 NORTH CENTRAL,CHICAGO	HOSPITAL	A
13-20-403-038	3534 NORTH CENTRAL,CHICAGO	HOSPITAL	A
13-20-403-039	5633 WEST ADDISON,CHICAGO	HOSPITAL	A
13-20-403-040	3538 NORTH CENTRAL,CHICAGO	HOSPITAL	A
13-20-403-042	5655 WEST ADDISON,CHICAGO	PARKING, WEST OF HOSPITAL	A
13-20-403-043	5657 WEST ADDISON,CHICAGO	PARKING, WEST OF HOSPITAL	A

SCHEDULE 1.1(b) LEASED REAL PROPERTY

All leasehold interests of the Sellers related to the operation of the Hospital described in Schedule 1.1(b), together with all buildings, improvements and fixtures located thereupon and all construction in progress, rights, privileges and appurtenances thereto (the "**Leased Real Property**") as set forth below:

None

SCHEDULE 1.2(f) EXCLUDED REAL PROPERTY

Excluded Real Property			
PIN	**Address**	**Use**	**Location on Map (See Exhibit A)**
13-20-403-014	5658 WEST EDDY, CHICAGO	RESIDENTIAL HOME	G
13-20-407-004	5647 WEST EDDY, CHICAGO	RESIDENTIAL HOME	G
13-20-407-007	5641 WEST EDDY, CHICAGO	RESIDENTIAL HOME	G
13-20-407-009	5633 WEST EDDY, CHICAGO	RESIDENTIAL HOME	G
13-20-407-011	5627 WEST EDDY, CHICAGO	RESIDENTIAL HOME	G
13-20-407-015	5615 WEST EDDY, CHICAGO	RESIDENTIAL HOME	G
13-20-407-031	3524 NORTH CENTRAL, CHICAGO	CHILD CARE CENTER	B
13-20-407-032	3518 NORTH CENTRAL, CHICAGO	CHILD CARE CENTER	B

SCHEDULE 4.8(d) AUDIT PERIODS

Notices of Program Reimbursement have been issued by the applicable fiscal intermediary with respect to the cost reports of the Facilities for Medicare and Medicaid (if required) through the periods set forth below.

The latest NPR issued to the Facilities is for the period of 7/1/08 – 6/30/09.

SCHEDULE 5.5 PURCHASER BROKERS AND FINDERS

None

SCHEDULE 5.7 PURCHASER LEGAL PROCEEDINGS

None

Calculation Report

Presence Health
Our Lady of the Resurrection Medical Center
As of December 31, 2013

Crowe Horwath

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Ms. Jeannie Frey
Chief Legal Officer and General Counsel
Presence Heath
200 S. Wacker Drive
Chicago, Illinois 60631

At your request, we have performed a calculation engagement, as that term is defined in the *Statement on Standards for Valuation Services* ("SSVS") of the American Institute of Certified Public Accountants, to determine the fair value (on a going concern basis) and the orderly liquidation value of the invested capital (the "Subject Interest") for Our Lady of the Resurrection Medical Center ("OLR" or the "Hospital"). Our analysis was performed as of December 31, 2013 (the "Calculation Date").

This calculation of value is to be used for the purpose of assisting management in corporate planning and for no other purpose. This calculation engagement was conducted in accordance with the SSVS, the *Business Valuation Standards* of the American Society of Appraisers, and the *Uniform Standards of Professional Appraisal Practice* of The Appraisal Foundation. The estimate of value that results from a calculation engagement is expressed as a calculation of value.

Based upon our analysis, as described in this calculation report, we estimate the fair value and liquidation value of invested capital as of December 31, 2013 to be:

Fair value, going concern basis, excluding non-operating assets:	**$22.35 million**
Liquidation value, excluding non-operating assets:	**nil**

The calculated values are subject to the statement of assumptions and limiting conditions and to the valuation analysts' representation presented in the report. We have no obligation to update this report or our calculation of value for information that comes to our attention after the date of this report.

Crowe Horwath LLP

Crowe Horwath LLP

Louisville, Kentucky
April 10, 2014

NATURE AND SCOPE OF THE CALCULATION ENGAGEMENT

DESCRIPTION OF ASSIGNMENT

The following information describes the nature and scope of the business calculation engagement, as well as the work performed by Crowe Horwath LLP ("Crowe," "we," "our," "us," or "valuation analysts").

- **Identity of the client**: Ms. Jeannie Frey, Chief Legal Officer and General Counsel, Presence Health.
- **Purpose and intended use of the calculation**: Assisting management in corporate planning and for no other purpose.
- **Intended users of the calculation**: Presence Health and its Board of Directors.
- **Identity of the subject entities**: Our Lady of the Resurrection Medical Center ("OLR" or the "Hospital").
- **Description of the Subject Interest**: 100% interest in invested capital.
- **Business interest ownership control characteristics and its degree of marketability**: The interest represents a controlling interest.
- **Calculation date**: December 31, 2013.
- **Report date**: April 10, 2014
- **Type of report issued**: Calculation report.
- **Use of Specialist**: CBRE Fee Simple Fair Value Appraisal Report, dated February 24, 2014. File No. 14-164CH-0416, Client Reference: Presence Health
- **Applicable premises of value**:
  - Going concern value, which is defined as "the value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place."[1]
  - Liquidation value, which is defined as "the net amount that would be realized if the business is terminated and the assets are sold piecemeal."[2] This analysis assumes an orderly liquidation.

[1] International Glossary of Business Valuation Terms, *Statement on Standards for Valuation Services* of the American Institute of Certified Public Accountants.
[2] *Ibid.*

- **Applicable standards of value**:
  - ASC 820 defines Fair Value of an asset (or liability) as *the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*
  - The International Glossary of Business Valuation Terms defines Liquidation Value as *the net amount that would be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either "orderly" or "forced."* This analysis assumes an orderly liquidation.

SOURCES OF INFORMATION

In addition to the references presented in the footnotes throughout the report and exhibits, the sources of information for this calculation engagement were as follows.

- Financial statements prepared for the Hospital, including:
  - Audited income statements for the twelve-month periods ended December 31, 2009 through December 31, 2011, and internal financial statements for the periods ended December 31, 2012 and December 31, 2013.
  - Audited balance sheets as of periods ended December 31, 2009, 2010 and 2011, and internal financial statements as of December 31, 2012 and December 31, 2013.
- CBRE Appraisal Report titled "Our Lady of the Resurrection Medical Center," dated February 24, 2014.
- Correspondence with management related to the nature of the business, industry, and competitive landscape.
- Economic, industry and other data from sources determined to be reliable.
- Other financial and Hospital information provided by the Hospital and its representatives deemed relevant to this calculation and its underlying purpose.

RESTRICTIONS ON SCOPE

In a calculation engagement, the valuation analyst and the client agree on the specific valuation approaches and valuation methods the analyst will use and the extent of the valuation procedures the analyst will perform to arrive at an approximate indication of the value of the Subject Interest. A calculation engagement does not include all of the procedures required in a valuation or appraisal engagement, as those terms are defined in the SVSS and the BVS. Had a valuation or appraisal engagement been performed, the results might have been different. This calculation report is not intended to be and does not comply with the Uniform Standards of Professional Appraisal Practice ("USPAP") of the Appraisal Foundation. This analysis was limited to asset and market approaches to value and excluded an income based method.

REVENUE RULING 59-60

Revenue Ruling 59-60 outlines the approaches, methods, and factors to consider in valuing shares in closely held entities for estate tax and gift tax purposes. These factors refer to the stock of closely held companies, and accordingly, are applicable to the valuation of closely held entities such as the subject enterprise. Throughout the course of our analysis, we considered these factors, which include the following:

The nature of the business and the history of the entity from its inception: The nature and history of the entity is described in the "Analysis of the Hospital and Related Non-Financial Information" sections below.

The economic outlook in general and the condition and outlook of the specific industry in particular: The economic outlook is discussed in the "Economic Environment" section. We used IBISWorld to analyze the industry of the Hospital.

The book value and financial condition of the entity: The financial condition of the entity has been considered in arriving at an appropriate calculation of value for the Subject Interest. These items are discussed in the "Financial Statement Analysis" sections.

The earning and cash distribution capacity of the entity: The ability of the Hospital to provide cash distributions has been considered and is discussed in the "Financial Statement Analysis" and "Valuation Methodology" sections of the report.

Whether or not the entity has goodwill or other intangible value: As of the Calculation Date, the reported balance sheet does not reflect goodwill.

Sales of entity interest and the size of the interest to be valued: Any history of sales of entity ownership interests that would serve to establish value is discussed in the "Description of the Hospital" section. The size of the interest to be valued was considered in arriving at an appropriate adjustment in determining the fair value.

The market price of entities engaged in the same or a similar line of business actively traded in a free and open market: In the "Industry Overview" and "Valuation Methodology" sections of the report, in accordance with the procedures agreed-upon for the scope of the engagement, we analyzed the Hospital through the guideline public company and market transaction methods.

DESCRIPTION OF THE HOSPITAL

NATURE AND HISTORY OF OUR LADY OF THE RESURRECTION MEDICAL CENTER[3]

Our Lady of the Resurrection Medical Center has been serving community residents on the northwest side of Chicago since 1955, where it was founded as a not-for-profit facility. In 1986, its name was changed from Northwest Hospital to John F. Kennedy Medical Center. Two years later, the hospital became a part of Resurrection Health Care and was renamed Our Lady of the Resurrection Medical Center ("OLR"). In 2011 OLR became a part of Presence Health, formed by the combination of the Resurrection Health Care and Provena Heath systems.

Presence Health's mission is stated as follows: "provide compassionate, holistic care with a spirit of healing and hope in the communities we serve."

According to American Hospital Directory ("AHD"), OLR is a 299 licensed bed Medicare certified facility. According to AHD and management, OLR operates 193 general medical, surgical, and special care beds (including 56 beds that are part of a 66-licensed bed skilled nursing/extended care unit) with approximately 750 full-time dedicated on-site employees.

AHD estimated patient volumes are reported as follows:

- 518,000 outpatient visits,
- 45,000 patients are seen in the Emergency Room,
- 1,400 inpatient surgical procedures are performed, and
- 2,000 outpatient surgical procedures are performed.

In addition, OLR sponsors numerous community events to care for the well-being of area residents.

HOSPITAL CLINICAL SERVICES

According to AHD, the following are among the clinical services that the Hospital offers:

- Cardiovascular Services
- Emergency Services
- Neurosciences
- Orthopedic Services
- Other Services
- Radiology/Nuclear Medicine/Imaging
- Rehabilitation Services
- Special Care
- Subprovider Units
- Surgery
- Wound Care

[3] Source: American Hospital Directory.

ECONOMIC ENVIRONMENT

Summary and Outlook[4]

While the recent recession reached its official end in mid-2009, economic growth remains somewhat subdued. The housing market has strengthened, but unemployment remains elevated. Economic growth is expected to remain positive, though government spending cuts, political uncertainty, and rising interest rates are causes for concern. Gross Domestic Product ("GDP") growth expectations from private economists surveyed by The Wall Street Journal are on the order of 2.5% for the first quarter of 2014 and 2.8% for all of 2014. This compares to GDP growth of 1.8%, 2.8%, and 1.9% in 2011, 2012, and 2013, respectively. Although the Federal Reserve has scheduled to begin tapering the rate of asset purchases, a significant tightening of monetary policy (via an increase in the target federal funds rate) is unlikely until unemployment declines and inflation rises.

Demographic Summary[5]

Service Area

The hospital's primary service area ("PSA") includes a population of approximately 350,000 and is comprised of six Chicago zip codes representing the following communities: Dunning/Montclare, Belmont-Cragin/Hermosa, Irving Park/Portage Park, Jefferson Park, Elmwood Park and Harwood Heights/Norridge. Historically, the PSA accounts for approximately 75.0% of the Hospital's discharges.

Population Growth

According to Truven Health Analytics, the PSA population is expected to grow by 0.5% from 2013 to 2018. This is higher than the five-year projected population growth rate for Illinois, which is 0.1%. The 65+ population is expected to grow approximately 2.7% in the PSA, consistent with both Illinois and U.S. trends.

Presence Our Lady of the Resurrection Medical Center
Primary Service Area Population Growth

	Total Population			65+ Population		
	2013	2018P	CAGR	2013	2018P	CAGR
POLR PSA	356,913	358,970	0.1%	42,882	48,950	2.7%
Illinois	12,909,602	13,026,071	0.2%	1,724,221	1,959,889	2.6%
U.S.	314,861,807	325,322,277	0.7%	43,862,062	50,997,391	3.1%

Source: Truven Analytics, Inc.

[4] Source: Mercer Capital, *The National Economic Review*, Fourth Quarter 2013.
[5] Excerpts and data tables provided by management. Source: Truven Health Analytics.

Median Household Income

The median household income ("HHI") in the Hospital's PSA is generally consistent with both Illinois and United States levels. The only neighborhood significantly different from overall PSA levels is Belmont-Cragin. The overall weighted average household income in the Hospital's primary service area is $48,050 as provided below.

Presence Our Lady of the Resurrection Medical Center
2013 Median Household Income in PSA

Community	Zip Code	Median HHI
Dunning / Montclare [1]	60634	$53,809
Belmont – Cragin / Hermosa	60639	38,752
Irving Park / Portage Park	60641	45,126
Jefferson Park	60630	52,952
Elmwood Park	60707	50,373
Harwood Heights / Norridge	60706	49,994
Weighted Average HHI in PSA		**$48,050**
Median HHI in Illinois		**53,791**
Median HHI in U.S.		**49,297**

Source: Truven Analytics, Inc. & Claritas 2013 Database.

(1) POLR is located in the Dunning / Montclare community

Other Key Demographics

In POLR's primary service area, a significant amount of the population only has a high school degree or less (over 54.0%) compared to approximately 43.0% nationwide. Almost half of the population in POLR's primary service area is Hispanic compared to roughly 17.0% nationwide, while there are far less white non-Hispanics and black non-Hispanics as compared to the U.S. Please see the charts below for further details.

Presence Our Lady of the Resurrection Medical Center
Demographics: Education Level

2013 Adult Education Level	Pop Age 25+	% of Total	U.S. % of Total
Less than High School	27,632	11.6%	6.2%
Some High School	26,550	11.2%	8.4%
High School Degree	75,114	31.6%	28.4%
Some College / Assoc. Degree	60,446	25.4%	28.9%
Bachelor's Degree or Greater	48,252	20.3%	28.1%
Total	**237,994**	**100.0%**	**100.0%**

Source: Truven Analytics

Presence Our Lady of the Resurrection Medical Center Demographics: Race / Ethnicity			
Race / Ethnicity	**2013 Pop.**	**% of Total**	**U.S. % of Total**
White Non-Hispanic	147,655	41.4%	62.3%
Black Non-Hispanic	19,408	5.4%	12.3%
Hispanic	170,290	47.7%	17.3%
All Others	4,475	1.3%	2.9%
Total	**356,913**	**100.0%**	**100.0%**

Source: Truven Analytics

Community Health Profile

A summary of key community attributes and health findings are provided below:

Demographic Attributes

- The communities that POLR serves experienced a modest change in population increases. The exceptions were Montclare, which increased 6.0% and Hermosa, which experienced a 7.0% decrease.
- The Hispanic/Latino population in Jefferson Park nearly doubled from 2000 to 2010, while the other communities saw smaller increases.
- The service area has a considerable percentage of limited English-speaking population with the most often spoken language being Spanish, with rates over 30.0% in Belmont-Cragin and Hermosa. Polish was the second most common language spoken in the service area, with 16.0% in Dunning.

Economic Attributes

The community has economic challenges with a large portion of the population living below 200.0% of federal poverty level while double digit unemployment rates linger in four of the six communities:

- The median household income in Dunning ($53,809) and Jefferson Park ($52,952) exceeded the U.S. median. Montclare's median household income was very near that for Chicago while Belmont-Cragin and Hermosa fell slightly below, around $38,752.
- Over half the population in Belmont-Cragin and Hermosa and a third of the population in Portage Park and Montclare lives below 200.0% of the federal poverty level.
- Of the neighborhoods in the PSA, Jefferson Park is in early stages of gentrification and redevelopment.

Community Health Needs

A list of key pervasive issues identified by a community steering committee's review of the Health Profile, resident survey responses and other information is provided below:

- **Access/Primary Care:** About one in 10 people use the ER as their primary source of health care.
- **Food Insecurity:** All of the service area communities have percentages of residents experiencing food insecurity that are higher than the Healthy People 2020 goal.

- **Uninsured:** One in three residents in the local community are uninsured.
- **Obesity:** 42.0% of the population within the six communities is considered to be obese.
- **Activity/Exercise:** 30.0% of the local population admits to getting no exercise.
- **Health Professional Shortage:** Belmont-Cragin, Hermosa and Montclare are designated as Health Professional Shortage Areas for primary care. Belmont-Cragin, Hermosa, Montclare, Portage Park and Dunning all have shortages of mental health providers.
- **Cancer Mortality Rates:** Four of the five communities had cancer mortality rates above the Healthy People 2020 goal, the two exceptions being Hermosa and Montclare.
- **Top ER Diagnosis:** Chest Pain is the top diagnosis among emergency room outpatient visits.
- **Teen Birth Rates:** The two communities with the highest teen birth rates in 2000, Hermosa and Belmont-Cragin, saw substantial declines in 2009. However, the rates in these two communities, as well as Montclare are above the comparable rates for Chicago, Cook County, IL and the U.S. averages.

HOSPITAL INDUSTRY[6]

Industry Overview

OLR is a general acute care 193 bed (299 licensed) hospital in Chicago, Illinois, which also includes a 56-bed (66 licensed) skilled nursing unit. According to the AHD, the Hospital is one of 33 short-term acute care providers in Chicago. The following paragraphs provide an industry overview for "Hospitals."

Industry Description

As a primary provider of healthcare in the United States, hospitals are expected to generate $883.2 billion in revenue in 2013. Revenue is estimated to increase 3.4% per year on average over the past five years, including growth of 4.6% in 2013, as this traditionally fragmented industry has begun consolidating, largely due to the pressures of healthcare reform. Demand for industry services softened somewhat during the recession, as individuals lost health insurance and disposable income. However, the economic environment only slightly dampened industry revenue because hospitals provide essential life services.

Industry Outlook

In the five years to 2018, hospitals will face a wide variety concerns, including healthcare reform, reimbursement trends, electronic records and continued personnel shortages. Healthcare reform will likely increase the number of insured patients, which may boost revenue; other factors, such as the aging population, will also support this trend. As such, IBISWorld expects industry revenue to increase at an average annual rate of 3.9% to $1.1 trillion during the five years to 2018. In 2014 alone, revenue is forecast to grow 4.5%. Profitability will remain pressured as labor costs rise; however, the increasing number of people with health insurance will boost industry profit margins.

Revenue Outlook

Year	Revenue $ million	Growth %
2014	923,070.1	4.5
2015	956,245.8	3.6
2016	992,746.0	3.8
2017	1,027,384.5	3.5
2018	1,068,501.0	4.0
2019	1,109,985.3	3.9

Inpatient care has been decreasing in terms of its total value to the industry. In 2009, inpatient services were estimated to account for 59.0% of revenue, according to the American Hospital Association Annual Survey. In 2014, IBISWorld estimates that inpatient services will account for just 54.0% of revenue. Partially, this shift is a result of new technologies that allow previous inpatient services to be provided on an outpatient basis. Inpatient services are typically more rarely provided than outpatient services, but they generate more revenue per patient. As hospitals look to keep costs down in the face of decreasing reimbursements from Medicare and Medicaid, inpatient care's share of total industry revenue will likely continue to decrease.

[6] Source: IBISWorld and discussions with management.

FINANCIAL STATEMENT ANALYSIS

The Hospital's financial information contained in the exhibits is included solely to assist in the development of the calculation of value range presented in this report, and it should not be used for any other purpose. Because of the limited purpose of this presentation, it may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed, or compiled this presentation and express no assurance on it. Please see the Sources of Information and Assumptions and Limiting Conditions sections of this report regarding the Hospital's financial information presented in this report and the accompanying exhibits.

Balance Sheet

- Total assets were $94.2 million at the Calculation Date, a slight increase compared to $93.0 million at December 31, 2012. The change in assets was mainly due to an increase in investments and other current assets.
- The primary tangible assets of the Hospital are investments and property, plant and equipment.
- The Hospital's current liabilities consist primarily of due to affiliate. The Hospital's long-term liabilities consist primarily of estimated self-insurance liabilities.
- The Hospital reported net assets of $32.2 million at the Calculation Date, a slight decrease compared to $34.7 million at December 31, 2012.

Income Statement

- Net operating revenue for the period ended December 31, 2013 was $111.7 million, a 1.1% increase from $110.5 million for the period ended December 31, 2012. Net patient revenue accounts for over 96.4% of net operating revenue for the period ended December 31, 2013.
- Operating expenses as a percent of net operating revenue have fluctuated over the periods analyzed. Operating expenses have ranged between 103.0% and 111.0% of net operating revenue for the periods ended December 31, 2009 and December 31, 2013.
- Net income as a percent of net operating revenue has resulted in a loss for all periods analyzed. Net profit margin was between negative 3.0% and negative 11.0% for the periods ended December 31, 2009 through December 31, 2013.

NON-OPERATING ASSETS AND LIABILITIES

We netted "Due from affiliates" and "Due to affiliates" and treated the net "due to" amount as debt. The account "Investments – Board designated funds" was treated as non-operating.

NORMALIZING INCOME AND EXPENSES

We identified "Other income" as non-operating income, according to management. We adjusted for this income to present the income statement on an operating basis.

RISK ASSESSMENT

In assessing the risks of a potential investment in the Hospital, bearing in mind the preceding analysis, we considered the following factors:

- Macro and Regional Economic Conditions
- Industry
- Financial Position

Economy[7]

All else being equal, the value of a Hospital that operates in a thriving economy would be greater than the value of a Hospital operating at a time of little or no economic growth. The lack of optimism surrounding the fragile economic conditions has a direct effect on the number of individuals carrying employer sponsored health insurance and, therefore, their ability to pay healthcare providers. The combined rising costs of providing services, competitive negotiations posed by managed care organizations, and the implementation of legislative mandates have created a challenging operating environment. We view the fragile state of the economic recovery to be a factor *increasing* the risk of the Company.

Industry[8]

The following factors are key risk factors that influence performance in the industry:

- **Federal funding for Medicare and Medicaid:** Federal and state funding of Medicare and Medicaid, along with the government-determined terms of access to these reimbursement programs, affect demand and prices for healthcare services. Increased funding for Medicare and Medicaid may increase reimbursement for industry services, thereby increasing industry revenue. Federal funding for Medicare and Medicaid is expected to increase significantly during 2014. Ongoing uncertainty about the future of reimbursement rates, however, may pose a threat to the industry.

  To the Illinois region specifically, Medicaid is a critical part of the state's health care delivery system. According to the Illinois Hospital Association ("IHA")[9], under the Affordable Care Act Illinois hospitals face an $8.4 billion reduction in Medicare payments over 10 years, and pressure continues to mount for even more cuts and drastic changes in Medicare and Medicaid. The IHA asserts that any further blunt cuts to Medicaid, through rate reform or other means, will hurt access to health care for everyone, not just Medicaid beneficiaries. We view this as having an *increasing* effect on risk.

- **Health insurance and shift in hospital services:** People covered by private health insurance typically use healthcare services more frequently. Private health insurers often pay more for a hospital procedure relative to public insurers, so the extent to which private health insurance covers the US population affects demand for and spending on healthcare services. The number of people with private health insurance is expected to increase slowly during 2014.

[7] Source: Discussions and correspondence with management.
[8] Source: IBISWorld and discussions with management.
[9] Source: Illinois Hospital Association, "2013 Key Health Care Issues for Illinois." http://www.ihatoday.org/uploadDocs/1/legbriefingmedicaid.pdf

The recession had a somewhat limiting effect on patient volumes, as individuals lost access to health insurance and disposable income levels decreased patients' ability to pay for services out of pocket. However, some industry services are nondiscretionary, so many patients simply accepted care they could not pay for, leading to increased uncompensated care, and profit margins for an average industry hospital fell accordingly to as little as 5.8% in 2010. Budget cuts have also driven federal and state governments to cut healthcare expenditures, and this factor will somewhat stifle profitability.

Technological innovations can also cause the average length of stay to decline. This trend may slightly restrain industry revenue growth and result in a shift toward outpatient services that are delivered at home or from other healthcare providers. Budget cuts have also driven federal and state governments to cut healthcare expenditures, and this factor will somewhat stifle profitability. As hospitals look to keep costs down in the face of decreasing reimbursements from Medicare and Medicaid, inpatient care's share of total industry revenue will likely continue to decrease during the next five years, including due to movements towards global payments and for-performance payments for provider network members under accountable care contracts. Managed care organizations will attempt to reduce growth in benefits paid for hospital services, and these payers are consolidating and growing in size. We view the combination of these factor as having an *increasing* effect on risk.

- **Number of adults aged 65 and older:** An increase in the number of elderly Americans positively affects hospitals, because people older than 65 generally need more medical care; the per-capita healthcare spending in this age group is three to five times higher than that of people under 65, according to major companies' annual reports. The number of adults aged 65 and older is expected to increase during 2014. We view the increase in per-capita healthcare spending on this age group as a factor *decreasing* risk.

- **Per capita disposable income:** People with higher incomes typically spend more on healthcare (including hospital services) and are more likely to have private health insurance to provide coverage for hospital services, boosting industry demand. Furthermore, people with higher disposable incomes are more likely to pay their hospital bills. Disposable income is expected to increase during 2014, presenting a possible opportunity for the industry. Given the market area demographics, which compare unfavorably to state and national averages, we view this factor as having minimal effect on the risk profile; however, the unfavorable demographics are viewed as *increasing* risk.

ASSESSMENT

As a result of the above analyses, we see the current economic and industry environment as well as financial situation as posing systematic risk to the Hospital as of the Calculation Date. We consider the impact of unsystematic risks in our selection of multiples applied in the agreed-upon valuation methodologies.

VALUATION METHODOLOGY

INTRODUCTION

Internal Revenue Service Revenue Ruling 59-60 was issued for use in tax related appraisals and provides a useful framework of appropriate considerations for valuing many businesses. These considerations are as follows:

- The nature and history of the business and the history of the enterprise
- The economic outlook in general and the condition and outlook for the specific industry
- The book value of the stock and the financial condition of the business
- The earning capacity of the Hospital
- The dividend paying capacity
- Whether or not the enterprise has goodwill or other intangible value
- Sales of the stock and the size of the block to be valued
- The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, on either an exchange or over-the-market

Thus far, in the report, we have reviewed the nature and history of the business, the financial condition of the business, the economic outlook in general and the outlook for the industry. The remaining considerations will be discussed in the following sections of the report. The many methods used to value a business can be classified into the following three primary approaches.

- The asset-based approach assumes the value of a business is closely related to the market value of its underlying assets, both tangible and intangible.
- The income approach bases the value of a business primarily on the future economic returns it can reasonably be expected to generate.
- The market approach seeks to determine the value of a business through comparison with market information, such as actual sales of similar and relevant investments, or stock prices of publicly traded similar and relevant investments.

Business valuation standards require the consideration of all approaches. The suitability of a given approach depends on, among other considerations, the availability of sufficient relevant data, the nature and type of business, and the purposes of the calculation. Ideally, it would be desirable to employ several valuation methods, which would improve the reasonableness of the estimate of value

VALUATION METHODS OVERVIEW

Following is a summary description of the agreed-upon valuation methods to be applied in this calculation of value analysis of the Hospital.

Asset-Based Approach

Adjusted Net Asset Method – a method within the asset approach whereby all assets and liabilities (including off-balance sheet, intangible, and contingent) are adjusted to their fair values."[10] This method provides an appropriate value indicator for holding companies or for a business that is a going concern, but whose returns are generally below industry levels. Under the adjusted net asset method, the values are totaled, and the business' liabilities are subtracted to derive the total net asset value of the Hospital.

Market Approach

Guideline Public Company Method – a method within the market approach whereby market multiples are derived from market prices of stocks of companies that are engaged in the same or similar lines of business, and that are actively traded on a free and open market."[11] Criteria for establishing the relevance of guideline companies to the Hospital from an investment standpoint include size, financial condition, competitive position, growth trends, and the nature of the business.

Merger and Acquisition Method – a method within the market approach whereby pricing multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business."[12] Sources of information on private and public transactions used in the analysis were: Irving Levin and Associates database, Pratt's Stats database, and MergerStat database. Our search was directed toward transactions that satisfied the following criteria: similarity in nature and size of the target's business and transactions occurring within the past five years. Based on this search, we identified 19 transactions.

[10] International Glossary of Business Valuation Terms, *Statement on Standards for Valuation Services* of the American Institute of Certified Public Accountants.
[11] *Ibid.*
[12] *Ibid.*

VALUATION METHODS APPLIED

MARKET APPROACH – GUIDELINE PUBLIC COMPANY METHOD

The concept behind the guideline public company method is that prices of publicly traded stocks in the same or a similar industry provide objective evidence as to values at which investors are willing to buy and sell interests in companies in that industry.

Guideline Public Company Search

Considering Revenue Ruling 59-60 guidelines, the market price of stocks of corporations engaged in the same or a similar line of business whose stock is actively traded in a free and open market must be considered. Competing companies operating in the same market are the best comparable companies, because their assets are deployed in the same line of business and they are subject to many of the same economic and financial risks. In order for the competitive companies to be feasible comparable, the financial condition and a market related stock price must be available.

Our search was directed toward companies that satisfied the following criteria:

- The similarity of the potential guideline companies' lines of business to the Hospital.
- The stock of the potential guideline company is actively traded on a major US exchange or over-the-counter market and is located in the US.
- The potential guideline company has published financial statements, which are generally available from the company or through third party sources.
- We used Capital IQ to search for companies that met the above criteria. We analyzed public companies within the industry SIC code 8062, "General medical and Surgical hospitals," in our search for comparable market data.

Selected Guideline Public Companies

We identified seven guideline publicly traded companies. The guideline public company financial information presented in Exhibits 10 and 11 is based upon information provided by Capital IQ. Exhibit 12 presents selected financial comparisons between the guideline companies and the Hospital.

Selection of Multiples

We determined the most reliable means to compare the Hospital to the publicly traded companies was to compare trailing twelve month ("TTM") market value of invested capital ("MVIC") excluding cash to revenue ("Revenue multiple"). We selected the TTM Revenue multiple as the most relevant metric, since management did not provide a budget for next year and the TTM period is understood to be the most representative of Hospital revenue on a going-forward basis. Due to the historically negative EBITDA cash flow of OLR, we did not rely on a TTM multiple derived from MVIC excluding cash and EBITDA.

We applied a range based on the low Revenue multiple, derived from the performance of the guideline public company with the smallest market capitalization, SunLink Health Systems ("SSY"). SSY is closest to the Hospital in terms of EBITDA margin, EBITDA growth, and historical revenue growth. Therefore, we applied the low Revenue multiple as the appropriate measure. Additional factors in determining the low Revenue multiple to be the most appropriate metric were unsystematic risks associated with an investment in OLR. Such risks include:

- In addition to OLR, there are 32 other competing short-term acute care hospitals operating in the city of Chicago, according to AHD, resulting in higher risks in terms of competition.
- The community has economic challenges with a large portion of the population living below 200.0% of federal poverty level while double digit unemployment rates linger in four of the six communities, which are assumed to correlate with unfavorable payer mix and increased charity care.
- Losses since fiscal year 2009.

Value Indication

The resulting indicated value of the Hospital's invested capital was **$22.35 million** on an operating basis.

MARKET APPROACH – MARKET TRANSACTIONS METHOD

The market transactions method is a method within the market approach whereby pricing multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. Under this method, comparisons are usually made of the relationship of selling prices to indicators such as sales, earnings, EBIT, EBITDA, cash flow, number of licensed beds, and book value.

Transaction Search

We reviewed information in the Pratt's Stats, Irving Levin, and MergerStat databases on recent controlling interest transactions for data on sales that might be used as comparable market transactions.

It should be noted that the transaction data is limited with respect to the terms of each transaction, the financial history and condition of the target company, the location of the business, and the nature of the business.

Selection of Multiples

As presented in Exhibits 14a through 14c, our search criteria resulted in 3 selected transactions involving hospitals comparable to OLR. Reasons for excluding the other 16 transactions included differences such as: types of service offerings, facility size, revenue size, and profitability.

Based upon discussions with management and an analysis of the market transactions, we applied a range based on the low revenue multiple as the low end of the range and the high revenue multiple as the high end of the range of the three selected market transactions. We assumed that all sales figures of the targets were based on TTM total operating revenue.

Value Indication

The resulting low indicated value of operating invested capital was **$22.35 million** on an operating basis.

ADJUSTED NET ASSET METHOD

The adjusted net asset method is defined as "a method within the asset approach whereby all assets and liabilities (including off-balance sheet, intangible, and contingent) are adjusted to their fair market values."[13] In determining the adjusted net asset value of the Hospital, we adjusted the reported property, plant, and equipment value based on the CBRE appraisal report, dated February 24, 2014. We relied on management's estimate of the fair value and orderly liquidation value of equipment as of the Calculation Date.

Value Indications

The indicated fair value of invested capital was **nil** on an operating basis, as shown on Exhibit 15.

The indicated orderly liquidation value of invested capital, excluding non-operating assets, was **nil**, as shown on Exhibit 15.

[13] *International Glossary of Business Valuation Terms*

CALCULATION OF VALUE

OUR LADY OF THE RESURRECTION MEDICAL CENTER

At your request, we have performed a calculation engagement, as that term is defined in the Statement on Standards for Valuation Services of the American Institute of Certified Public Accountants, to determine the fair value and liquidation value of the invested capital of the Hospital as of December 31, 2013. We calculate the fair value and liquidation value of invested capital as of December 31, 2013 to be:

Fair value, going concern basis:	**$22.35 million**
Orderly liquidation value:	**nil**

The calculated values are subject to the statement of assumptions and limiting conditions and to the valuation analysts' representation presented in the report. We have no obligation to update this report or our calculation of value for information that comes to our attention after the date of this report.

ASSUMPTIONS AND LIMITING CONDITIONS

Our report is subject to the following assumptions and limiting conditions:

- The calculation of value arrived at herein is valid only for the stated purpose as of the date of the calculation.
- Financial statements, tax returns, and other information provided by the Hospital or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. The valuation analysts have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
- Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
- We do not provide assurance on the achievability of results forecasted or projected by the Hospital because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of forecasted or projected results is dependent on actions, plans, and assumptions of management.
- The calculation of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.
- This report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party for any purpose. Furthermore, the report and calculation of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The calculation of value represents the considered opinion of Crowe Horwath LLP ("Crowe"), based on information furnished to them by the Hospital and other sources.
- Neither all nor any part of the contents of this report (especially the calculation of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of Crowe.
- Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of Crowe unless previous arrangements have been made in writing.
- Crowe is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. Crowe does not conduct or provide environmental assessments and has not performed one for the subject property.

- Crowe has not made a specific compliance survey or analysis of the subject property to determine whether it is subject to, or in compliance with, the American Disabilities Act of 1990, and this calculation does not consider the effect, if any, of noncompliance.
- No change of any item in this appraisal report shall be made by anyone other than Crowe, and we shall have no responsibility for any such unauthorized change.
- Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
- Except as otherwise noted, we have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.
- This calculation reflects facts and conditions existing at the Calculation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.
- The calculation and its conclusions are subject to review upon the presentation of additional information, which may have been undisclosed or not available as of the report date.
- Crowe does not purport to be a guarantor of value. The calculation of closely held companies is an imprecise science, with value being a question of fact, and reasonable people can differ in their opinions of value. However, Crowe has used conceptually sound and commonly accepted methods and procedures of calculation in determining the opinion of value presented in this report.

REPRESENTATION AND CERTIFICATION OF THE VALUATION ANALYSTS

We certify that to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and calculations are limited only by the reported assumptions and limiting conditions, and is our personal, impartial, and unbiased professional analyses, opinions and calculations.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- We have performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Our engagement in this assignment was not contingent on developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent on the development or reporting of a predetermined value or direction in value that favors the cause of a client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses and calculations were developed and this report has been prepared in conformity with the Statement on Standards for Valuation Services established by the American Institute of Certified Public Accountants, the Business Valuation Standards of the American Society of Appraisers, and the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.
- Based on the appraiser's background, experience, education, and membership in professional associations, Crowe Horwath is qualified to make appraisals of the type of property being valued. Crowe Horwath understands that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under the Internal Revenue Code.
- No one provided significant outside professional assistance to the preparers of this report, William D. Probus, CPA/ABV, Christian Heuer, CFA, ASA, FHFMA, and Aram K Gupta, CPA/ABV.

Crowe Horwath LLP

By: William D. Probus
William D. Probus, CPA/ABV
Partner

April 10, 2014

Crowe Horwath

ATTACHMENT
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APPRAISERS' QUALIFICATIONS

William D. Probus, CPA/ABV

Experience

William Probus is a partner in Crowe Horwath LLP in Louisville, Kentucky.

Mr. Probus has over 30 years of consulting experience, specializing in the valuation of closely- held businesses and business interests, intangible assets in connection with mergers and acquisitions, financing, Income and estate tax planning, litigation support services, accounting matters and recapitalizations. Mr. Probus has extensive experience in assisting private equity groups and specialty finance companies in connection with the issuance of debt facilities. In addition, Mr. Probus has an emphasis in purchase price allocation and goodwill impairment studies performed in connection with business combinations.

In addition to business enterprise valuations, Mr. Probus has performed valuation consulting services, for a variety of unique assignments including: determination of the appropriate discounts for lack of control and lack of marketability associated with limited partnership /LLC interests in connection with planning and IRS appeals, ESOP valuations and charitable donations.

Mr. Probus has provided valuation services to clients in the following representative industries: manufacturing, business process outsourcing, specialty chemicals, consumer products, apparel, healthcare and medical operations, banks, service businesses, technology companies, construction firms, insurance brokerage, plastics and packaging, printing and publishing, and automotive companies.

Professional Memberships and Designations

- American Institute of Certified Public Accountants
- Association for Corporate Growth –Kentucky Chapter Board member
- Appraisal Issues Task Force
- The Estate Planning Council of Louisville

Education

- Bachelor of Arts in Science, Accounting, University of Louisville

Christian Heuer, CFA, ASA, FHFMA

Business Experience

Christian Heuer has extensive experience in assisting private and public companies on a variety of consulting assignments specializing in the valuation of closely held businesses and business interests, options, intangible assets and various investment classes in connection with mergers and acquisitions, financial reporting purposes, tax and estate planning, litigation support services, recapitalizations, and other matters.

His valuation experience includes a broad range of engagements in numerous industries, including health care entities, service companies, manufacturers, distributors, wholesalers, retailers, and financial institutions. He has performed hundreds of appraisals for various purposes, including financial statement reporting, corporate transactions and reorganizations, tax related valuations, and litigation support.

Professional Memberships and Designations

- Chartered Financial Analyst (CFA) designation, CFA Institute
- Presidents Council Representative, Southeastern U.S. & Caribbean Region, CFA Institute
- Immediate Past President and Board Member, Nashville CFA Society
- Accredited Senior Appraiser (ASA) designation, American Society of Appraisers
- Past President, Middle Tennessee Chapter of the American Society of Appraisers
- Fellow of the Hospital Financial Management Association (FHFMA)
- Leadership Healthcare
- Nashville Healthcare Council

Education

- Bachelor of Arts, cum laude, Lipscomb University
- Master in Business Administration, The University of Memphis
- Master of Arts in Economics, The University of Memphis
- Elected to Membership in Beta Gamma Sigma, the national honor society in business and management, and Phi Kappa Phi, a national academic honor society

Aram Gupta, CPA/ABV

Business Experience

Aram Gupta has diverse experience in different types of valuation services engagements. The majority of his experience is related to engagements across the healthcare industry for financial reporting, contemplated transaction, and management planning purposes for both for-profit and not-for-profit hospital systems, as well as assisted living and nursing home systems. In addition, he has extensive experience in performing fair market value analyses of management agreements, ownership interests in ambulatory and ancillary facilities, and physician practices for regulatory compliance purposes. His other experience is related to valuation work in family limited partnership valuations, employee stock option pricing, and construction, and manufacturing industries.

Prior to joining Crowe, as a Project Manager in residential home building, Aram Gupta simultaneously managed multiple high-end custom additions at all times, serving as the firm's point person for high net worth clients to address their needs, developing project plans, and continuously monitoring quality of subcontractor work.

Prior to his work in the construction industry, Aram was an investment advisor specializing in equities investments, a role that entailed managing portfolios of high net worth clients, developing strategies based on client objectives and market data, and trading block orders of 50,000 shares or more for accredited investors.

Professional Memberships and Designations

- American Institute of Certified Public Accountants (AICPA)
- Tennessee Society of CPAs (TSCPA)
- Tennessee State University Accounting Advisory Board
- Phi Kappa Phi and Beta Gamma Sigma Honor Societies

Education

- Masters of Business Administration, Tennessee State University
- Bachelors of Science, Boston College

SOURCES OF INFORMATION

In addition to the references presented in the footnotes throughout the report, information about the Hospital contained in the Hospital Background and Description section and other sections of the report was provided to us by management at various times through interviews and written and electronic communications. The appraiser did not visit the Hospital's headquarters. The appraisers also conducted management interviews over the telephone and via email. The calculation was prepared by Crowe with the assistance of various staff members for research, analysis and report writing.

Exhibit 1

Our Lady of the Resurrection Medical Center ("OLR")

Calculation of Value
Calculation as of 12/31/2013
All dollar amounts in thousands

	Indicated Value excluding nonoperating assets [1]	Indicated Value including nonoperating assets [1]
Market Approach - Going Concern Fair Value		
Guideline Public Companies Method [Exhibit 5]	$ 22,350	$ 60,670
Market Transactions Method [Exhibit 13]	$ 22,350	$ 60,670
Adjusted Net Assets Method [Exhibit 15] [2]	nil	$ 38,220
Asset Approach - Liquidation Value		
Adjusted Net Assets Method [Exhibit 15] [2]	nil	$ 36,540

Notes:

[1] Non-operating assets consist of board designated funds in the amount of $ 38,319

[2] Excludes equipment value, which was not provided by management.

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ATTACHMENT 19

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath.

Exhibit 2a

Historical Balance Sheets [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

	As of: 12/31/2009		12/31/2010		12/31/2011		12/31/2012		12/31/2013	
Cash & cash equivalents	$ 109	0.1%	$ 5	0.0%	$ 45	0.1%	$ 25	0.0%	$ 5	0.0%
Accounts receivable, net	18,711	20.9%	14,546	18.1%	22,985	31.9%	21,849	23.5%	19,339	20.5%
Inventory	555	0.6%	636	0.8%	1,088	1.5%	2,187	2.4%	2,227	2.4%
Due from affiliates	5,203	5.8%	4,489	5.6%	(12,469)	-17.3%	4,248	4.6%	4,276	4.5%
Prepaid expenses	481	0.5%	364	0.5%	-	0.0%		0.0%		0.0%
Other current assets	1,568	1.7%	157	0.2%	347	0.5%	243	0.3%	3,325	3.5%
Total current assets	26,627	29.7%	20,197	25.1%	11,997	16.6%	28,553	30.7%	29,171	31.0%
Property, plant & equipment, net	33,033	36.9%	28,865	35.9%	26,268	36.4%	26,187	28.2%	24,670	26.2%
Other long-term assets	-	0.0%	-	0.0%	-	0.0%	2,034	2.2%	2,034	2.2%
Investments - Board designated funds	29,978	33.4%	31,344	39.0%	33,803	46.9%	36,200	38.9%	38,319	40.7%
Total other assets	29,978	33.4%	31,344	39.0%	33,803	46.9%	38,234	41.1%	40,353	42.8%
Total assets	**$ 89,638**	**100.0%**	**$ 80,406**	**100.0%**	**$ 72,068**	**100.0%**	**$ 92,974**	**100.0%**	**$ 94,194**	**100.0%**
Accounts payable	$ 1,416	1.6%	$ 2,270	2.8%	$ 1	0.0%	$ 3,350	3.6%	$ 3,232	3.4%
Due to affiliate	-	0.0%	-	0.0%	-	0.0%	25,773	27.7%	28,772	30.5%
Due to third party payors	5,809	6.5%	5,342	6.6%	5,216	7.2%	3,870	4.2%	7,179	7.6%
Total current liabilities	7,225	8.1%	7,612	9.5%	5,217	7.2%	32,993	35.5%	39,183	41.6%
Accrued estimated professional liability	13,413	15.0%	16,782	20.9%	22,160	30.7%	25,273	27.2%	22,793	24.2%
Total long-term liabilities	13,413	15.0%	16,782	20.9%	22,160	30.7%	25,273	27.2%	22,793	24.2%
Total net assets	69,000	77.0%	56,012	69.7%	44,691	62.0%	34,708	37.3%	32,218	34.2%
Total liabilities and net assets	**$ 89,638**	**100.0%**	**$ 80,406**	**100.0%**	**$ 72,068**	**100.0%**	**$ 92,974**	**100.0%**	**$ 94,194**	**100.0%**

Debt-free working capital	$ 14,199	$ 8,096	$ 19,249	$ 17,084	$ 14,485
Debt-free WC / Sales	*10.4%*	*6.4%*	*14.4%*	*15.5%*	*13.0%*
Debt-free current ratio	3.7	2.7	2.3	4.0	2.8
Debt-free quick ratio	2.6	1.9	4.4	3.0	1.9

Interest bearing debt [2]	$ (5,203)	$ (4,489)	$ 12,469	$ 21,525	$ 24,496
Interest bearing debt / Total capital [3]	*-8.2%*	*-8.7%*	*21.8%*	*38.3%*	*43.2%*

Notes:
[1] Source: Audited financial statements (2009-2011) and internal financial statements (2012-2013).
[2] Interest bearing debt represents net due to/from affiliates.
[3] Total capital = Equity + Interest bearing debt

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 2b

Balance Sheet Normalization Adjustments
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

	As of: 12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Investments - Board designated funds	(29,978)	(31,344)	(33,803)	(36,200)	(38,319)
Total assets adjustments	**$ (29,978)**	**$ (31,344)**	**$ (33,803)**	**$ (36,200)**	**$ (38,319)**
Asset adjustments	(29,978)	(31,344)	(33,803)	(36,200)	(38,319)
Liability adjustments	-	-	-	-	-
Total net assets adjustments	(29,978)	(31,344)	(33,803)	(36,200)	(38,319)
Total liabilities and net assets adjustments	**$ (29,978)**	**$ (31,344)**	**$ (33,803)**	**$ (36,200)**	**$ (38,319)**

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Exhibit 2c

Adjusted Balance Sheets - Operating Basis [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

	As of: 12/31/2009		12/31/2010		12/31/2011		12/31/2012		12/31/2013	
Cash & cash equivalents	$ 109	0.2%	$ 5	0.0%	$ 45	0.1%	$ 25	0.0%	$ 5	0.0%
Accounts receivable, net	18,711	31.4%	14,546	29.6%	22,985	60.1%	21,849	38.5%	19,339	34.6%
Inventory	555	0.9%	636	1.3%	1,088	2.8%	2,187	3.9%	2,227	4.0%
Due from affiliates	5,203	8.7%	4,489	9.1%	(12,469)	-32.6%	4,248	7.5%	4,276	7.7%
Prepaid expenses	481	0.8%	364	0.7%	-	0.0%	-	0.0%	-	0.0%
Other current assets	1,568	2.6%	157	0.3%	347	0.9%	243	0.4%	3,325	6.0%
Total current assets	26,627	44.6%	20,197	41.2%	11,997	31.4%	28,553	50.3%	29,171	52.2%
Property, plant & equipment, net	33,033	55.4%	28,865	58.8%	26,268	68.6%	26,187	46.1%	24,670	44.2%
Other long-term assets	-	0.0%	-	0.0%	-	0.0%	2,034	3.6%	2,034	3.6%
Investments - Board designated funds	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other long-term assets	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total other assets	-	0.0%	-	0.0%	-	0.0%	2,034	3.6%	2,034	3.6%
Total assets	**$ 59,660**	**100.0%**	**$ 49,062**	**100.0%**	**$ 38,265**	**100.0%**	**$ 56,774**	**100.0%**	**$ 55,875**	**100.0%**
Accounts payable	1,416	2.4%	2,270	4.6%	1	0.0%	3,350	5.9%	3,232	5.8%
Due to affiliate	-	0.0%	-	0.0%	-	0.0%	25,773	45.4%	28,772	51.5%
Due to third party payors	5,809	9.7%	5,342	10.9%	5,216	13.6%	3,870	6.8%	7,179	12.8%
Other current liabilities	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total current liabilities	7,225	12.1%	7,612	15.5%	5,217	13.6%	32,993	58.1%	39,183	70.1%
Accrued estimated professional liability	13,413	22.5%	16,782	34.2%	22,160	57.9%	25,273	44.5%	22,793	40.8%
Other long-term liabilities	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total long-term liabilities	13,413	22.5%	16,782	34.2%	22,160	57.9%	25,273	44.5%	22,793	40.8%
Asset adjustments	(29,978)	-50.2%	(31,344)	-63.9%	(33,803)	-88.3%	(36,200)	-63.8%	(38,319)	-68.6%
Liability adjustments	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total net assets	39,022	65.4%	24,668	50.3%	10,888	28.5%	(1,492)	-2.6%	(6,100)	-10.9%
Total liabilities and net assets	**$ 59,660**	**100.0%**	**$ 49,062**	**100.0%**	**$ 38,265**	**100.0%**	**$ 56,774**	**100.0%**	**$ 55,875**	**100.0%**

Debt-free working capital	$ 14,199	$ 8,096	$ 19,249	$ 17,084	$ 14,485
Debt-free WC / Sales	*10.4%*	*6.4%*	*14.4%*	*15.5%*	*13.0%*
Debt-free current ratio	3.7	2.7	2.3	4.0	2.8
Debt-free quick ratio	2.6	1.9	4.4	3.0	1.9

Interest bearing debt	$ (5,203)	$ (4,489)	$ 12,469	$ 21,525	$ 24,496
Interest bearing debt / Total capital [2]	*-15.4%*	*-22.2%*	*53.4%*	*107.4%*	*133.2%*

Notes:
[1] For details on adjustments please see Exhibit 2b.
[2] Total capital = Equity + Interest bearing debt

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 3a

Historical Income Statements [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

	For the periods ended: 12/31/2009		12/31/2010		12/31/2011		12/31/2012		12/31/2013	
Revenue	$ 136,667	100.0%	$ 126,050	100.0%	$ 133,468	100.0%	$ 110,548	100.0%	$ 111,726	100.0%
Growth			**-7.8%**		**5.9%**		**-17.2%**		**1.1%**	
Operating expenses	140,924	103.1%	140,253	111.3%	141,966	106.4%	$ 120,863	109.3%	$ 115,398	103.3%
Operating income	(4,257)	-3.1%	(14,203)	-11.3%	(8,498)	-6.4%	(10,315)	-9.3%	(3,672)	-3.3%
Other income / (expense)	711	0.5%	1,168	0.9%	1,685	1.3%	-	0.0%	3,171	2.8%
Pre-tax income	(3,546)	-2.6%	(13,035)	-10.3%	(6,813)	-5.1%	(10,315)	-9.3%	(501)	-0.4%
Tax expense / (benefit)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other expenses, net of tax	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Net income	$ (3,546)	-2.6%	$ (13,035)	-10.3%	$ (6,813)	-5.1%	$ (10,315)	-9.3%	$ (501)	-0.4%
Depreciation & amortization	$ -	0.0%	$ -	0.0%	$ 6,726	5.0%	$ 4,816	4.4%	$ 6,428	5.8%
Capital expenditures		0.0%		0.0%		0.0%	6,144	5.6%	7,514	6.7%
Interest expense	$ -	0.0%	$ -	0.0%	$ (1,457)	-1.1%	$ (1,328)	-1.2%	$ (1,086)	-1.0%
Interest income	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
EBIT [2]	$ (3,546)	-2.6%	$ (13,035)	-10.3%	$ (5,356)	-4.0%	$ (8,987)	-8.1%	$ 585	0.5%
EBITDA [3]	(3,546)	-2.6%	(13,035)	-10.3%	1,370	1.0%	(4,171)	-3.8%	7,013	6.3%

Notes:
[1] Source: Audited financial statements (2009-2011) and internal financial statements (2012-2013).
[2] Calculated as follows: Pre-tax income + (Interest expense - Interest Income).
[3] Calculated as follows: EBIT + Depreciation and amortization.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 3b

Income Statement Normalization Adjustments
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

	For the periods ended: 12/31/2009	12/31/2010	12/31/2012	12/31/2012	12/31/2013
Other income/(expense)					
Non-operating (income)/expense adjustment	$ (711)	$ (1,168)	$ (1,685)	$ -	$ (3,171)
Total other income/(expense) adjustments	**$ (711)**	**$ (1,168)**	**$ (1,685)**	**$ -**	**$ (3,171)**
Total pre-tax income adjustments	**$ (711)**	**$ (1,168)**	**$ (1,685)**	**$ -**	**$ (3,171)**

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Exhibit 3c

Adjusted Income Statements - Operating Basis [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

		For the periods ended:									
		12/31/2009		12/31/2010		12/31/2011		12/31/2012		12/31/2013	
Revenue		$ 136,667	100.0%	$ 126,050	100.0%	$ 133,468	100.0%	$ 110,548	100.0%	$ 111,726	100.0%
Adjustments		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Revenue - adjusted		$ 136,667	100.0%	$ 126,050	100.0%	$ 133,468	100.0%	$ 110,548	100.0%	$ 111,726	100.0%
Growth				**-7.8%**		**5.9%**		**-17.2%**		**1.1%**	
Cost of goods sold		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Adjustments		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Cost of goods sold - adjusted		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Gross profit - adjusted		136,667	100.0%	126,050	100.0%	133,468	100.0%	110,548	100.0%	111,726	100.0%
Operating expenses		140,924	103.1%	140,253	111.3%	141,966	106.4%	120,863	109.3%	115,398	103.3%
Adjustments		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Operating expenses - adjusted		140,924	103.1%	140,253	111.3%	141,966	106.4%	120,863	109.3%	115,398	103.3%
Operating income - adjusted		(4,257)	-3.1%	(14,203)	-11.3%	(8,498)	-6.4%	(10,315)	-9.3%	(3,672)	-3.3%
Other income / (expense)		711	0.5%	1,168	0.9%	1,685	1.3%	-	0.0%	3,171	2.8%
Adjustments		(711)	-0.5%	(1,168)	-0.9%	(1,685)	-1.3%	-	0.0%	(3,171)	-2.8%
Other income / (expense) - adjusted		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pre-tax income - adjusted		(4,257)	-3.1%	(14,203)	-11.3%	(8,498)	-6.4%	(10,315)	-9.3%	(3,672)	-3.3%
Income taxes on adjusted pre-tax income	40.0%	(1,703)	-1.2%	(5,681)	-4.5%	(3,399)	-2.5%	(4,126)	-3.7%	(1,469)	-1.3%
Other expenses, net of tax - adjusted		-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Net income - adjusted		$ (2,554)	-1.9%	$ (8,522)	-6.8%	$ (5,099)	-3.8%	$ (6,189)	-5.6%	$ (2,203)	-2.0%
Depreciation & amortization						$ 6,726	5.0%	$ 4,816	4.4%	$ 6,428	5.8%
Capital expenditures						-	0.0%	6,144	5.6%	7,514	6.7%
Interest expense						$ (1,457)	-1.1%	$ (1,328)	-1.2%	$ (1,086)	-1.0%
Interest income						-	0.0%	-	0.0%	-	0.0%
Adjusted EBIT [2]						$ (7,041)	-5.3%	$ (8,987)	-8.1%	$ (2,586)	-2.3%
Adjusted EBITDA [3]						(315)	-0.2%	(4,171)	-3.8%	3,842	3.4%

Notes:
[1] For details on adjustments please see Exhibit 3b.
[2] Calculated as follows: Pre-tax income + (Interest expense - Interest Income).
[3] Calculated as follows: EBIT + Depreciation and amortization.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 4

Historical Financial Ratios
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	3-Year Average
Liquidity ratios						
Current ratio	3.7	2.7	2.3	0.9	0.7	1.3
Quick ratio	2.6	1.9	4.4	0.7	0.5	1.9
Average working capital turnover	N/A	7.9	13.8	94.5	-15.5	30.9
Average operating debt-free working capital turnover	N/A	11.3	9.8	6.1	7.1	7.6
Activity ratios						
Days of (average) receivables	N/A	48.2	51.3	74.0	67.3	64.2
Days of (average) payables	N/A	N/A	N/A	N/A	N/A	N/A
Average inventory turnover	N/A	0.0	0.0	0.0	0.0	0.0
Average net fixed asset turnover	N/A	4.1	4.8	4.2	4.4	4.5
Average total asset turnover	N/A	2.3	3.1	2.3	2.0	2.5
Capital expenditures to revenue	0.0%	0.0%	0.0%	5.6%	6.7%	4.1%
Leverage ratios						
L-T debt to book value of equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total liabilities to total assets	34.6%	49.7%	71.5%	102.6%	110.9%	95.0%
Interest bearing debt to total assets	-8.7%	-9.1%	32.6%	37.9%	43.8%	38.1%
Times interest earned	N/A	N/A	-4.8	-6.8	-2.4	-4.7
Profitability and operating ratios						
Gross margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA margin	0.0%	0.0%	-0.2%	-3.8%	3.4%	-0.2%
Pre-tax income margin	-3.1%	-11.3%	-6.4%	-9.3%	-3.3%	-6.3%
Return on (average) assets	N/A	-15.7%	-11.7%	-13.0%	-3.9%	-9.5%
Return on (average) equity	N/A	-26.8%	-28.7%	-131.7%	58.0%	-34.1%
Growth rates						
Assets	N/A	-17.8%	-22.0%	48.4%	-1.6%	8.3%
Equity	N/A	-36.8%	-55.9%	-113.7%	-308.8%	-159.5%
Revenue	N/A	-7.8%	5.9%	-17.2%	1.1%	-3.4%
EBITDA	N/A	N/A	N/A	-1222.7%	192.1%	N/A
Net income	N/A	-233.6%	40.2%	-21.4%	64.4%	27.7%

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath.

Exhibit 5

Guideline Public Companies Method - Summary
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

	Selected Multiple [1]	x	Subject Company Amount [2]	=	Indicated Invested Capital	x	Weighting	=	Weighted Value Indicator
MVIC (excl. Cash) / Revenue									
Current / TTM	0.20		111,726		22,345		100%		22,345
Indicated value of operating invested capital (excluding cash)								**$**	**22,345**
Add: Reported Cash								$	5
Indicated value of invested capital, excluding non-operating assets								**$**	**22,350**

Notes:
[1] Source: Exhibit 6.
[2] Please see Exhibit 3b.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 6

Guideline Public Companies Method - Multiples [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013

Ticker:	HCA	UHS	THC	CYH	LPNT	CHDX	SSY	Low	25th Perc.	Median	75th Perc.	High	Average	Selected Multiple [2]
MVIC (excl. Cash) / Revenue														
TTM / Current	1.47	1.62	1.06	1.02	1.17	1.78	0.20	0.20	1.04	1.17	1.55	1.78	1.19	0.20
Last FY	1.52	1.69	1.11	1.02	1.27	2.03	0.20	0.20	1.07	1.27	1.61	2.03	1.26	0.20
3-year average	1.55	1.68	1.11	1.05	1.28	2.11	0.20	0.20	1.08	1.28	1.62	2.11	1.28	0.20
5-year average	1.65	1.93	1.15	1.11	1.39	1.95	0.18	0.18	1.13	1.39	1.79	1.95	1.34	0.18

Notes:
[1] Calculated based on data from Capital IQ.
[2] For details, please see the narrative report.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Exhibit 7

Guideline Public Companies Method - Revenue, EBITDA, - Growth Rates, Margins [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013

Ticker:	HCA	UHS	THC	CYH	LPNT	CHDX	SSY	Low	25th Perc.	Median	75th Perc.	High	Average	Subject Company
Revenue Growth														
TTM / Current	3.5%	4.1%	4.7%	-0.2%	8.4%	13.9%	-0.7%	-0.7%	1.7%	4.1%	6.6%	13.9%	4.8%	1.1%
Last FY	11.2%	3.0%	5.4%	9.4%	12.1%	33.0%	-4.3%	-4.3%	4.2%	9.4%	11.7%	33.0%	10.0%	-17.2%
3-year total growth	21.9%	47.9%	15.5%	17.2%	30.5%	-3.5%	-10.2%	-10.2%	6.0%	17.2%	26.2%	47.9%	17.0%	-11.4%
5-year total growth	36.9%	59.4%	20.0%	34.0%	54.1%	30.7%	-26.8%	-26.8%	25.3%	34.0%	45.5%	59.4%	29.8%	N/A
EBITDA Growth														
TTM / Current	0.8%	7.5%	2.2%	-3.3%	-8.7%	-9.2%	38.9%	-9.2%	-6.0%	0.8%	4.8%	38.9%	4.0%	192.1%
Last FY	11.9%	7.8%	6.6%	2.3%	1.5%	71.0%	-49.8%	-49.8%	1.9%	6.6%	9.8%	71.0%	7.3%	-1222.7%
3-year total growth	17.2%	76.6%	18.3%	3.4%	-5.2%	8.4%	574.2%	-5.2%	5.9%	17.2%	47.5%	574.2%	99.0%	N/A
5-year total growth	50.4%	128.2%	65.9%	21.3%	6.8%	36.9%	-54.9%	-54.9%	14.0%	36.9%	58.2%	128.2%	36.4%	N/A
EBITDA Margin														
TTM / Current	19.1%	19.1%	12.8%	13.7%	13.3%	9.3%	4.9%	4.9%	11.1%	13.3%	16.4%	19.1%	13.2%	3.4%
Last FY	19.7%	18.5%	13.2%	14.2%	15.8%	11.6%	3.5%	3.5%	12.4%	14.2%	17.2%	19.7%	13.8%	-3.8%
3-year average	19.5%	18.4%	13.0%	14.3%	15.5%	10.0%	5.0%	5.0%	11.5%	14.3%	17.0%	19.5%	13.7%	-0.2%
5-year average	19.6%	17.3%	12.7%	14.8%	16.7%	9.0%	4.1%	4.1%	10.8%	14.8%	17.0%	19.6%	13.5%	-0.2%
EBIT Margin														
TTM / Current	14.0%	14.5%	7.9%	7.7%	6.7%	3.6%	1.2%	1.2%	5.1%	7.7%	11.0%	14.5%	7.9%	-2.3%
Last FY	14.6%	14.0%	8.4%	9.4%	9.6%	6.6%	-0.3%	-0.3%	7.5%	9.4%	11.8%	14.6%	8.9%	-8.1%
3-year average	14.4%	13.9%	8.3%	8.9%	9.2%	4.9%	1.2%	1.2%	6.6%	8.9%	11.6%	14.4%	8.7%	-5.2%
5-year average	14.5%	12.9%	8.0%	9.4%	10.5%	5.1%	0.2%	0.2%	6.5%	9.4%	11.7%	14.5%	8.6%	-5.2%

Notes:
[1] Calculated based on data from Capital IQ.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Exhibit 8

Guideline Public Companies Method - Invested Capital [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in millions

	HCA Holdings, Inc. HCA	Universal Health Services Inc. UHS	Tenet Healthcare THC	Community Health Systems, CYH	Lifepoint Hospitals Inc. LPNT	Chindex International CHDX	SunLink Health Systems Inc. SSY
As of:	12/31/2013	9/30/2013	9/30/2013	12/31/2013	12/31/2013	9/30/2013	12/31/2013
Current Price [2]	$ 47.71	$ 81.26	$ 42.12	$ 39.27	$ 52.84	$ 17.43	$ 0.88
Total Common Shares	436.917	98.270	99.227	94.943	47.016	16.737	9.443
Market Capitalization	**20,845.3**	**7,985.4**	**4,179.4**	**3,728.4**	**2,484.3**	**291.7**	**8.3**
Add: Preferred Stock	-	-	-	-	-	-	-
Market Value of Equity	**20,845.3**	**7,985.4**	**4,179.4**	**3,728.4**	**2,484.3**	**291.7**	**8.3**
Add: Total Debt	28,376.0	3,527.9	5,823.0	9,453.4	2,376.8	44.2	17.8
Add: Minority Interest	1,342.00	269.77	178.00	422.05	82.30	-	-
Market Value of Invested Capital	**$ 50,563.3**	**$ 11,783.1**	**$ 10,180.4**	**$ 13,603.9**	**$ 4,943.4**	**$ 335.9**	**$ 26.1**
Less: Cash and Equivalents	414.0	12.1	82.0	373.4	637.9	32.6	4.6
MV of Invested Capital excl. Cash	**$ 50,149.3**	**$ 11,771.0**	**$ 10,098.4**	**$ 13,230.4**	**$ 4,305.5**	**$ 303.3**	**$ 21.5**

Notes:
[1] Source: Capital IQ.
[2] As of 12/31/2013.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Exhibit 9

Guideline Public Companies Method - Revenue, EBITDA [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in millions

Ticker:	HCA	UHS	THC	CYH	LPNT	CHDX	SSY	Low	25th Perc.	Median	75th Perc.	High	Average	Subject Company
Revenue														
TTM / Current	$ 34,182.0	$ 7,247.9	$ 9,548.0	$ 12,997.7	$ 3,678.3	$ 170.0	$ 107.0	$ 107.0	$ 1,924.1	$ 7,247.9	$ 11,272.8	$ 34,182.0	$ 9,704.4	$ 111.7
Last FY	33,013.0	6,961.4	9,119.0	13,029.0	3,391.8	149.3	107.7	107.7	1,770.5	6,961.4	11,074.0	33,013.0	9,395.9	110.5
3-year average	32,292.3	6,989.8	9,107.0	12,644.3	3,365.4	143.8	109.1	109.1	1,754.6	6,989.8	10,875.6	32,292.3	9,236.0	118.6
5-year average	30,337.6	6,112.7	8,780.8	11,871.8	3,100.4	155.8	118.5	118.5	1,628.1	6,112.7	10,326.3	30,337.6	8,639.7	123.7
EBITDA														
TTM / Current	6,545.0	1,382.8	1,226.0	1,783.9	490.1	15.8	5.2	5.2	252.9	1,226.0	1,583.4	6,545.0	1,635.5	3.8
Last FY	6,492.0	1,286.2	1,200.0	1,844.9	537.0	17.3	3.7	3.7	277.2	1,200.0	1,565.5	6,492.0	1,625.9	(4.2)
3-year average	6,280.0	1,287.3	1,184.0	1,810.7	518.8	14.4	5.5	5.5	266.6	1,184.0	1,549.0	6,280.0	1,585.8	(0.2)
5-year average	5,930.4	1,074.0	1,114.0	1,754.6	511.3	13.9	4.9	4.9	262.6	1,074.0	1,434.3	5,930.4	1,486.2	(0.1)

Notes:
[1] Source of data for the guideline companies: Capital IQ.

Exhibit 10

Guideline Public Companies Method - Balance Sheets [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in millions

	HCA Holdings, Inc. HCA	Universal Health Services Inc. UHS	Tenet Healthcare THC	Community Health Systems, CYH	Lifepoint Hospitals Inc. LPNT	Chindex International CHDX	SunLink Health Systems Inc. SSY
As of:	12/31/2013	9/30/2013	9/30/2013	12/31/2013	12/31/2013	9/30/2013	12/31/2013
Total Cash & ST Investments	$ 414.0	$ 12.1	$ 82.0	$ 373.4	$ 637.9	$ 32.6	$ 4.6
Total Receivables	5,208.0	1,166.5	1,379.0	2,353.3	621.1	24.1	13.1
Inventory	1,179.0	101.2	154.0	377.0	102.0	2.9	3.9
Other Current Assets	1,236.0	223.4	945.0	644.2	233.2	11.0	8.4
Total Current Assets	**8,037.0**	**1,503.3**	**2,560.0**	**3,748.0**	**1,594.2**	**70.7**	**29.9**
Net Property, Plant & Equipment	13,619.0	3,424.9	4,354.0	7,114.5	2,197.2	106.2	29.8
Long-term Investments	569.0	8.4	184.0	-	-	33.6	-
Goodwill	-	3,039.2	1,120.0	4,444.1	1,651.0	-	0.5
Other Intangible Assets	5,903.0	-	641.0	-	72.6	-	3.1
Other Long-Term Assets	703.0	376.0	478.0	1,810.7	71.8	23.5	5.3
Total Non-Current Assets	**14,891.0**	**3,809.3**	**5,016.0**	**8,925.2**	**2,269.0**	**163.2**	**35.1**
Total Assets	**$ 28,831.0**	**$ 8,351.7**	**$ 9,337.0**	**$ 17,117.3**	**$ 5,586.8**	**$ 233.9**	**$ 68.5**
Accounts Payable	$ 1,803.0	$ 908.8	$ 618.0	$ 958.6	$ 135.9	$ 6.1	$ 5.8
Current Portion of Long Term Debt	786.0	106.3	133.0	166.9	583.0	3.0	0.8
Curr. Port. of Cap. Leases	-	-	-	-	-	-	0.0
Other Current Liabilities	3,106.0	9.3	1,018.0	1,332.0	336.8	31.8	9.4
Total Current Liabilities	**5,695.0**	**1,024.3**	**1,769.0**	**2,457.5**	**1,055.7**	**40.9**	**16.1**
Long-Term Debt	27,590.0	3,421.6	5,690.0	9,286.5	1,793.8	41.3	16.9
Capital Leases	-	-	-	-	-	-	0.0
Minority Interest	1,342.0	269.8	178.0	422.1	82.3	-	-
Other Non-Current Liabilities	1,132.0	255.5	697.0	1,461.4	362.6	0.3	2.6
Total Non-Current Liabilities	**30,064.0**	**3,946.9**	**6,565.0**	**11,169.9**	**2,238.7**	**41.5**	**19.6**
Total Liabilities	**35,759.0**	**4,971.2**	**8,334.0**	**13,627.4**	**3,294.4**	**82.4**	**35.7**
Total Pref. Equity	-	-	-	-	-	-	-
Total Common Equity	(8,270.0)	3,110.8	825.0	3,067.8	2,210.1	151.5	32.8
Total Equity	**(8,270.0)**	**3,110.8**	**825.0**	**3,067.8**	**2,210.1**	**151.5**	**32.8**
Total Liabilities And Equity	**$ 28,831.0**	**$ 8,351.7**	**$ 9,337.0**	**$ 17,117.3**	**$ 5,586.8**	**$ 233.9**	**$ 68.5**
Debt-free working capital	3,128.0	585.3	924.0	1,457.4	1,121.5	32.8	14.6
Debt-free WC / Sales	9.2%	8.1%	9.7%	11.2%	30.5%	19.3%	13.7%

	Low	25th Percentile	Median	75th Percentile	High
WC/Sales	6.6%	7.6%	9.9%	13.8%	17.5%
Debt-free WC / Sales	8.1%	9.4%	11.2%	16.5%	30.5%

Notes:
[1] Source: Capital IQ.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 11

Guideline Public Companies Method - Income Statements [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in millions

	HCA Holdings, Inc. HCA	Universal Health Services Inc. UHS	Tenet Healthcare Corp. THC	Community Health Systems, CYH	Lifepoint Hospitals Inc. LPNT	Chindex International Inc. CHDX	SunLink Health Systems Inc. SSY
For twelve months ended:	12/31/2013	9/30/2013	9/30/2013	12/31/2013	12/31/2013	9/30/2013	12/31/2013
Total Revenues	$ 34,182.0	$ 7,247.9	$ 9,548.0	$ 12,997.7	$ 3,678.3	$ 170.0	$ 107.0
Cost Of Revenues	21,616.0	4,397.4	6,136.0	8,211.9	2,402.1	128.9	92.3
Gross Profit	**12,566.0**	**2,850.5**	**3,412.0**	**4,785.8**	**1,276.2**	**41.1**	**14.7**
Selling General & Admin Exp.	-	96.6	170.0	287.4	36.5	-	-
R & D Exp.	-	-	-	-	-	-	-
Other Operating Expenses / (Income)	7,774.0	1,700.8	2,486.0	3,497.2	995.0	35.1	13.4
Operating Income	**4,792.0**	**1,053.1**	**756.0**	**1,001.3**	**244.7**	**6.1**	**1.3**
Interest Expense	(1,848.0)	(156.3)	(401.0)	(615.1)	(97.0)	(0.9)	(1.2)
Interest & Investment Income	-	4.7	-	-	-	1.1	0.0
Other Non-Operating Income / (Expense)	29.0	-	-	42.6	58.2	0.1	-
EBT Excl Unusual Items	**2,973.0**	**901.5**	**355.0**	**428.8**	**205.9**	**6.4**	**0.1**
Total Unusual Items - Expense / (Income)	27.0	5.7	401.0	122.9	(5.6)	-	-
EBT Incl Unusual Items	**2,946.0**	**895.8**	**(46.0)**	**305.9**	**211.5**	**6.4**	**0.1**
Income Tax Expense / (Credit)	950.0	327.3	(22.0)	88.6	79.3	6.9	(0.1)
Minonty Interest in Earnings	(440.0)	(46.8)	(26.0)	(76.1)	(4.4)	-	-
Earnings from Cont. Ops.	**1,996.0**	**568.5**	**(24.0)**	**217.3**	**132.2**	**(0.5)**	**0.2**
Other Earnings, Extraordinary Items, etc.	-	-	(11.0)	-	0.4	-	0.8
Net Income	**$ 1,556.0**	**$ 521.7**	**$ (61.0)**	**$ 141.2**	**$ 128.2**	**$ (0.5)**	**$ 1.0**
Capital expenditures	1,943.0	361.8	546.0	614.0	185.2	28.2	4.7
CAPEX / Sales	5.7%	5.0%	5.7%	4.7%	5.0%	16.6%	4.4%
EBIT	$ 4,792.0	$ 1,053.1	$ 756.0	$ 1,001.3	$ 244.7	$ 6.1	$ 1.3
EBIT margin	14.0%	14.5%	7.9%	7.7%	6.7%	3.6%	1.2%
EBITDA	6,545.0	1,382.8	1,226.0	1,783.9	490.1	15.8	5.2
EBITDA margin	19.1%	19.1%	12.8%	13.7%	13.3%	9.3%	4.9%

	Low	25th Percentile	Median	75th Percentile	High
Depreciation and Amortization/Sales	3.6%	5.9%	5.6%	5.4%	4.6%
CAPEX/Sales	4.4%	4.9%	5.0%	5.7%	16.6%
EBIT margin	1.2%	5.1%	7.7%	11.0%	14.5%
EBITDA margin	4.9%	11.1%	13.3%	16.4%	19.1%

Notes:
[1] Source: Capital IQ.

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ATTACHMENT 19

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath.

Exhibit 12

Guideline Public Companies Method - Financial Ratios [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013

	HCA	UHS	THC	CYH	LPNT	CHDX	SSY	Low	Median	High	Subject Company [2]
	12/31/2013	9/30/2013	9/30/2013	12/31/2013	12/31/2013	9/30/2013	12/31/2013				12/31/2013
Liquidity ratios											
Current ratio	1.4	1.5	1.4	1.5	1.5	1.7	1.9	1.4	1.5	1.9	0.7
Quick ratio	1.0	1.2	0.8	1.1	1.2	1.4	1.1	0.8	1.1	1.4	0.5
Working capital turnover	17.4	14.6	11.2	10.1	7.2	6.1	10.9	6.1	10.9	17.4	-15.5
Operating debt-free working capital turnover	11.1	13.2	9.9	9.2	4.6	5.7	7.1	4.6	9.2	13.2	7.1
Activity ratios											
Days of receivables	52.9	56.2	56.3	63.7	57.5	49.2	46.4	46.4	56.2	63.7	67.3
Days of payables	30.1	48.0	39.9	39.7	19.2	22.2	22.3	19.2	30.1	48.0	N/A
Inventory turnover	19.1	43.9	40.0	22.0	24.1	48.9	23.9	19.1	24.1	48.9	0.0
Net fixed asset turnover	2.6	2.1	2.2	1.8	1.7	1.7	3.5	1.7	2.1	3.5	4.4
Total asset turnover	1.2	0.9	1.0	0.8	0.7	0.7	1.6	0.7	0.9	1.6	2.0
Capital expenditures to revenue	5.7%	5.0%	5.7%	4.7%	5.0%	16.6%	4.4%	4.4%	5.0%	16.6%	6.7%
Leverage ratios											
LT debt to book value of equity	-333.6%	110.0%	689.7%	302.7%	81.2%	27.2%	51.6%	-333.6%	81.2%	689.7%	0.0%
Total liabilities to total assets	124.0%	59.5%	89.3%	79.6%	59.0%	35.2%	52.1%	35.2%	59.5%	124.0%	110.9%
Interest bearing debt to total assets	98.4%	42.2%	62.4%	55.2%	42.5%	18.9%	26.0%	18.9%	42.5%	98.4%	43.8%
Times interest earned	2.6	6.7	1.9	1.6	2.5	7.1	1.1	1.1	2.5	7.1	-2.4
Profitability and operating ratios											
Gross margin	36.8%	39.3%	35.7%	36.8%	34.7%	24.2%	13.7%	13.7%	35.7%	39.3%	100.0%
EBITDA margin	19.1%	19.1%	12.8%	13.7%	13.3%	9.3%	4.9%	4.9%	13.3%	19.1%	3.4%
Pre-tax income margin	8.7%	12.4%	3.7%	3.3%	5.6%	3.8%	0.1%	0.1%	3.8%	12.4%	-3.3%
Return on assets	5.5%	6.3%	-0.7%	0.8%	2.5%	-0.2%	1.5%	-0.7%	1.5%	6.3%	-3.9%
Return on equity	-17.4%	17.9%	-6.2%	4.9%	6.0%	-0.4%	3.1%	-17.4%	3.1%	17.9%	58.0%
Growth rates (last fiscal year)											
Assets	2.7%	1.8%	3.2%	3.1%	18.3%	5.2%	0.8%	0.8%	3.1%	18.3%	-1.6%
Equity	14.4%	14.6%	-27.8%	12.3%	7.8%	1.0%	-2.7%	-27.8%	7.8%	14.6%	-308.8%
Revenue	3.5%	4.1%	4.7%	-0.2%	8.4%	13.9%	-0.7%	-0.7%	4.1%	13.9%	1.1%
EBITDA	0.8%	7.5%	2.2%	-3.3%	-8.7%	-9.2%	38.9%	-9.2%	0.8%	38.9%	192.1%
Net income	-3.1%	17.6%	-140.1%	-46.8%	-15.6%	-113.0%	-76.7%	-140.1%	-46.8%	17.6%	64.4%

Notes:
[1] Source: Capital IQ.
[2] Source: Exhibit 4.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath.

Exhibit 13

Market Transactions Method - Summary
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

Revenue Multiple Range	Selected Multiple [1]	x	Subject Company Amount	=	Indicated Invested Capital	x	Weighting	=	Weighted Value Indicator
Comparable Transaction									
Revenue multiple	0.20		$ 111,726		$ 22,345		100%		$ 22,345
Indicated value of invested capital									**$ 22,345**

Notes:

[1] The following targets and transactions were selected as sufficiently similar to OLR as a hypothetical target and a hypothetical transaction in which OLR would be the target. Please see Exhibit 14a to Exhibit 14c.

Target	Date	Invested Capital	Revenue	Revenue Multiple	EBITDA margin	Source
Oak Park Hospital	**10/25/2013**	**$ 21,100**	**$ 107,513**	**0.20**	**2.1%**	**Exhibit 14b**
Two Kansas Hospitals	3/28/2013	54,300	184,803	0.29	-4.8%	Exhibit 14b
Valley Baptist Health System	9/1/2011	210,000	514,256	0.41	-1.6%	Exhibit 14a
OLR			**$ 111,726**		**3.4%**	

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Exhibit 14a

Market Transactions Method - Overview - Pratt's Stats [1]
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

Target	Target Location	Buyer	Target Description	Date	Invested Capital [1]	Target Company (TTM Data) Revenue	Target Company (TTM Data) EBITDA	MVIC to Revenue	MVIC to EBITDA	Margins EBITDA
N/A	MI	N/A	Ambulatory Surgical Center	5/15/2009	$ 1,500.0	$ 2,600.0	$ 550,000.0	0.58	-	N/A
Valley Baptist Health System	Harlingen, TX	Vanguard Health Systems, Inc.	Not-For-Profit Health System	9/1/2011	210,000.0	514,256.1	N/A	0.41	N/A	N/A
				OLR		$ 111,726	$ 3,842			3.4%

Notes:
[1] Source: Pratts Stats.
[2] For the period ended August 2011, EBIT for Valley Baptist Health System was reported to be negative $37.1 million, which implies an EBIT margin of -7.2%.
The following calculation uses the guideline public company Depreciation/Revenue % to convert Valley Baptist EBIT margin into an estimate of EBITDA margin.

	Implied by GPC Depreciation expense
Estimated EBITDA margin calculation:	
Implied Valley Baptist EBIT margin	-7.2%
Add: GPC depreciation expense margin	5.8%
Implied Valley Baptist EBITDA margin	-1.8%

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath.

Exhibit 14b

Market Transactions Method - Overview - Pratt's Stats
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

Target	Target Location	Buyer	Target Description	Date	Invested Capital [1]	Target Company (TTM Data) Revenue	Target Company (TTM Data) EBITDA	MVIC to Revenue	MVIC to EBITDA	Margins EBITDA
Oak Park Hospital	Oak Park, Illinois	Rush University Medical Center	Oak Park Hospital, now renamed Rush Oak Park Hospital, is a general medical and surgical hospital with 114 beds.	10/25/2013	$ 21,100.0	$ 107,513.2	$ 2,288.7	0.20	9.22	2.1%
Forest Park Medical Center	Frisco, Texas	Sabra Health Care REIT, Inc.	Forest Park Medical Center is an acute care hospital, comprised of 30 inpatient rooms, 14 family suites, 10 ICU beds and 12 operating rooms.	10/22/2013	119,800.0	13,300.0	-	9.01	N/A	0.0%
3 IASIS Healthcare Hospitals	Franklin, Tennessee	HCA West Florida	IASIS Healthcare is selling three Tampa Bay hospitals: Palms of Pasadena Hospital, Memorial Hospital of Tampa and Town & Country Hospital. IASIS Healthcare is a provider of high quality, affordable healthcare services in urban and suburban markets.	7/18/2013	146,000.0	231,307.8	15,805.9	0.63	9.24	6.8%
Stanly Health Services	Albemarle, North Carolina	Carolinas HealthCare System	Stanly Health Services provides Stanly County residents, and residents from surrounding areas, with convenient, compassionate care.	7/11/2013	70,000.0	105,117.1	14,118.5	0.67	4.96	13.4%
St. Luke's Episcopal Health System	Houston, Texas	Catholic Health Initiatives	St. Luke's Episcopal Health System consists of 5 hospitals and a medical center.	4/19/2013	1,000,000.0	1,275,692.5	26,549.9	0.78	37.66	2.1%
Two Kansas Hospitals	Kansas City, Kansas	Prime Healthcare Services	Sisters of Charity of Leavenworth Health System Corp. is selling Providence Medical Center and St. John Hospital located in Kansas City and Leavenworth, Kansas, respectively.	3/26/2013	54,300.0	184,802.7	(8,780.7)	0.29	N/M	-4.8%
Cleveland County HealthCare System	Shelby, North Carolina	Carolinas HealthCare System	Cleveland County is selling the Cleveland County HealthCare System, which includes the Cleveland Regional Medical Center in Shelby, the Kings Mountain Hospital, Cleveland Pines Nursing Center in Shelby, and Crawley Memorial Hospital in Boiling Springs.	3/8/2013	101,000.0	222,288.0	24,782.2	0.45	4.08	11.1%
Emanuel Medical Center	Turlock, California	Tenet Healthcare Corporation	Emanuel Medical Center is a community-based Christian healthcare organization. Its main campus in Turlock includes a 209-bed acute care hospital, a 145-bed skilled nursing facility and a 49-bed assisted living facility.	2/21/2013	5,000.0	211,218.6	12,818.6	0.02	0.39	6.1%
Knapp Medical Center	Weslaco, Texas	Prime Healthcare Foundation	Knapp Medical Center has been serving the healthcare needs of Mid-Valley residents for five decades.	1/2/2013	110,000.0	128,574.2	8,174.6	0.86	13.46	6.4%
Altoona Regional Health System	Altoona, Pennsylvania	UPMC Health System	Formed in 2004, Altoona Regional Health System has over 300 physicians, almost 4,000 caregivers and serves more than 20 counties throughout central Pennsylvania.	6/23/2013	10,000.0	372,691.4	61,016.1	0.03	0.16	16.4%
Physicians Specialty Hospital	Fayetteville, Arkansas	Carter Validus Mission Critical REIT	Physicians Specialty Hospital is a short-term acute-care surgical hospital that includes four operating rooms, one procedure room, a full scale emergency department, and in-house diagnostic lab and radiology departments.	7/1/2013	22,625.0	94,751.5	1,495.2	0.24	15.13	1.6%
El Paso Surgical Center and MOB	Oklahoma City, Oklahoma	Physicians Realty Trust	The Foundation Surgical Hospital of El Paso is a 77,000 square foot, 40-bed acute care facility with six operating rooms. Also being sold is a medical office building which contains 40,000 rentable square feet.	7/18/2013	40,000.0	28,076.9	-	1.42	N/A	0.0%
16 health care facilities	N/A	Vibra Healthcare, LLC	Kindred Healthcare is selling 16 non-strategic facilities: 14 LTACs, one rehabilitation facility and one skilled nursing facility. Each one is outside of Kindred's 21 designated Integrated Care Markets.	4/25/2013	186,500.0	272,000.0	32,000.0	0.69	5.83	11.8%
			Count		13	13	13	13	10	13
			High		1,000,000	1,275,693	61,016	9.01	37.66	16.00%
			75th Percentile		119,800	231,308	24,782	0.78	12.41	11.00%
			Median		70,000	184,803	12,819	0.63	7.53	6.00%
			25th Percentile		22,625	105,117	1,495	0.24	4.30	2.00%
			Low		5,000	13,300	(8,781)	0.02	0.16	-5.00%
			Average		145,102	249,795	14,636	1.18	10.01	6.00%
			OLR			$ 111,726	$ 3,842			3.4%

Notes:
[1] Source: Irving Levin and Associates.

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 14c

Market Transactions Method - Overview - Pratt's Stats
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

Target	Target Location	Buyer	Target Description	Date	Invested Capital [1]	Target Company (TTM Data) Revenue	Target Company (TTM Data) EBITDA	MVIC to Revenue	MVIC to EBITDA	Margins EBITDA
Dialysis Corp. of America	United States	US Renal Care, inc.	Develops and operates outpatient kidney dialysis centers	4/14/2010	$ 108,117.0	$ 99,376.0	$ 12,450.0	1.09	8.68	12.5%
HealthTronics, Inc.	United States	Endo Pharmaceuticals Holdings, Inc.	Operates urological hospitals and manufactures urological equipment	5/5/2010	221,027.0	190,107.0	72,566.0	1.16	3.05	38.2%
Prospect Medical Holdings, Inc.	United States	Leonard Green & Partners LP (Prospect Medical Holdings, Inc. /Private/)	Owns and operates hospitals	8/16/2010	177,384.0	468,060.0	56,160.0	0.38	3.16	12.0%
RehabCare Group, Inc.	United States	Kindred Healthcare, Inc.	Owns and operates acute care hospitals and outpatient facilities	2/8/2011	958,256.0	1,329,443.0	165,424.0	0.72	5.79	12.4%
			Count		4	4	4	4	4	4
			High		958,256	1,329,443	165,424	1.16	8.68	38.0%
			75th Percentile		405,334	683,406	95,781	1.11	6.51	19.0%
			Median		199,206	329,084	64,363	0.91	4.48	12.0%
			25th Percentile		160,067	167,424	45,233	0.64	3.13	12.0%
			Low		108,117	99,376	12,450	0.38	3.05	12.0%
			Average		366,196	521,747	76,650	0.84	5.17	19.0%
			OLR			$ 111,726	$ 3,842			3.4%

Notes:
[1] Source: Irving Levin and Associates.

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ATTACHMENT 19

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

Exhibit 15

Adjusted Net Asset Method
Our Lady of the Resurrection Medical Center ("OLR")
Calculation as of 12/31/2013
All dollar amounts in thousands

	Reported Balance Sheet as of 12/31/2013	Fair Value Adjustments	Fair Value Adjusted Balance Sheet	Additional Liquidation Value Adjustments	Orderly Liquidation Value Adjusted Balance Sheet
Cash & cash equivalents	$ 5		$ 5		$ 4.98
Accounts receivable, net	19,339		19,339		19,339
Inventory	2,227		2,227		2,227
Due from affiliates	4,276	(4,276)	-		-
Other current assets	3,325		3,325		3,325
Total current assets	29,171	(4,276)	24,895	-	24,895
Property, plant & equipment, net [1]	24,670	(18,495)	6,175	(1,675)	4,500
Other long-term assets	2,034		2,034		2,034
Investments - Board designated funds	38,319	(38,319)	-		-
Other long-term assets	-		-		-
Total other assets	40,353	(38,319)	2,034	-	2,034
Total assets	**$ 94,194**	**$ (61,090)**	**$ 33,104**	**$ (1,675)**	**$ 31,429**
Accounts payable	3,232		3,232		3,232
Due to affiliate	28,772	(4,276)	24,496		24,496
Due to third party payors	7,179		7,179		7,179
Other current liabilities	-		-		-
Total current liabilities	39,183	(4,276)	34,907	-	34,907
Accrued estimated professional liability	22,793		22,793		22,793
Other long-term liabilities	-		-		-
Total long-term liabilities	22,793	-	22,793	-	22,793
Total net assets	32,218	(56,814)	(24,596)	(1,675)	(26,271)
Total liabilities and net assets	**$ 94,194**	**$ (61,090)**	**$ 33,104**	**$ (1,675)**	**$ 31,429**
Book value of net assets			$ 32,218		$ 32,218
Fair value adjustments			(56,814)		(58,489)
Adjusted book value of net assets			(24,596)		(26,271)
Add: debt			24,496		24,496
Indicated value of invested capital excluding non-operating assets			**$ (99)**		**$ (1,774)**
Add: Investments - Board designated funds			$ 38,319		$ 38,319
Indicated value of invested capital including non-operating assets			**$ 38,219**		**$ 38,544**

Notes:

[1] Fair value excludes cost to raze the building. For details regarding fair value appraisal of real estate, please see CBRE appraisal report dated February 24, 2014. Value of equipment was not provided by management.

Estimated fair value of real estate	$ 6,175	based on appraisal	Liquidation value	$ 4,500
Estimated fair value of equipment	N/A	not provided by mgt	Estimated liquidation value of equipment	N/A
Total PP&E, excl. equipment	$ 6,175		Total PP&E - liquid. value, excl. equipment	$ 4,500

Please see the Assumptions and Limiting Conditions attached to the calculation report.

Crowe Horwath

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ATTACHMENT 19

Presence
Our Lady of the Resurrection Medical Center

Section:	Patient Services	**Page:**	1 of 2
Subject:	Admission of the Patient		
Executive Owner:	Director Nursing Staff and Development	**Approval Date:**	January 2006
		Effective Date:	January 2006
		Last Review Date:	August 2010
		Revised Date:	March 2013
		Supersedes:	April 2008

I. POLICY STATEMENT

Patient Services Policies are intended to describe the commitment to a holistic customer-centered approach to care provided throughout the continuum of clinical services.

II. PURPOSE

To provide for efficient admission of patients into the hospital and to establish an initial plan of care through communication with patient/family/significant other and members of the health care team.

III. MISSION / VALUES RATIONALE

This policy is aligned with the Mission and Values for Presence Health. Our mission calls us to provide compassionate, holistic care with a spirit of healing and hope for all persons in the communities we serve. Our ministry is an enduring sign of our Core Values of HOPE, to instill us with integrity, inspire us to interconnect with each other, encourage us to honor diversity and dignity of each individual and empower us to always strive for exceptional performance to our patients/residents and to best serve those in need.

IV. SPECIAL INSTRUCTIONS

This standard of care/policy is a guideline only. Each patient has his or her own unique set of circumstances, which may require that these procedures/standards of care not be followed. The needs of the patient supercede these or any standards of care. Changes from these guidelines should be addressed in the medical records.

This policy has been approved by the Executive Nursing Council and may not be altered or removed from this manual without the approval of the System Nursing Policy and Procedure Committee. Organizational specific information may be added to the end of the policy and altered, as the organization deems appropriate.

V. DEFINITIONS

A.
B.

VI. PROCEDURE

A. Process:
   1. Patients are admitted through the Admitting Department, Ambulatory Surgery, Outpatient Department and the Emergency Department.
   2. Upon admission to the unit, nursing personnel are responsible for:
      a. Orienting patient/family to the unit.
      b. Completion of nursing admission history and assessment by a RN within timeframe based on area of service.
      c. Verifying status of Advanced Directives.
      d. Initiating the development of a Plan of Care for inpatients.
      e. Contacting the appropriate physicians for admitting order.
      f. Identify the "family representative" who will be the spokesperson for family.
      g. Initiating or completing the medication reconciliation process.
      h. Complete a mobility assessment and assure suicide screening tool was completed.

VII. FORMS AND OTHER DOCUMENTS

VIII. REFERENCES

Presence Health

SYSTEM POLICY

Category: Finance-Revenue Services
Patient Access

Policy #: PH-103-0001

Policy Title: Patient Encounter Documentation Requirements at the Point of Services

Executive Owner: Chief Financial Officer

Original Policy Date:	09/08/2014
Current Policy Effective Date:	09/16/2014
Last Review Date:	New Policy
Next Required Review Date:	09/08/2015

Policy Applies To: All Presence Health Hospitals

I. POLICY STATEMENT

It is the policy of Presence Health that all hospitals will process registration information and capture required patient encounter documents via a manual process or in the electronic patient folder or at the point of service to support revenue integrity throughout the revenue cycle. The timely and consistent capture of critical documents by Patient Access or ancillary departments with registration functions provides the foundation for patient identity, revenue protection, and documentation of compliance with regulatory requirements.

II. PURPOSE

The purpose of this policy is to provide a guideline for the manual hard copy retention and electronic capture of all critical patient encounter documentation at the point of service in accordance with related policies and procedures on patient identity, insurance coverage and eligibility, medical necessity, physician orders, Important Message From Medicare, and any related pre-encounter or encounter documents reflecting critical patient information such as patient estimates, face sheets, etc. Securing critical documents supports functions throughout the revenue cycle to ensure financial integrity.

Additionally, the purpose of this policy is to be in accordance with various requirements of The Joint Commission (TJC), State and Federal regulations, and Centers for Medicare and Medicaid Services (CMS) Conditions of Participation.

III. MISSION / VALUES RATIONALE

This policy is consistent with and furthers the Presence Health Mission and the value of Excellence to ensure complete patient encounter documentation.

IV. DEFINITIONS

N/A

V. PROCEDURE

A. General Guidelines

1. Retaining Documents. Documents that outline patient estimated amounts and prior balances used for collection at the point of service should be retained.

2. Exceptions - Referred laboratory specimen registrations are excluded from this policy. These types of registrations are not patient encounters.

B. Registration Types

All registration types require the capture of the following documents at the point of service.

1. Photo Identification - Documentation of verification of patient identity

   a. If photo identification is not available, the Absence of Identification Form (See attachment) should be completed and retained.

   b. If neither the photo identification of the Absence of Identification Form can be obtained, document the reason why.

2. Insurance Card - Documentation of identified insurance coverage:

   a. Primary insurance
   b. Secondary insurance
   c. Tertiary insurance

3. Insurance Eligibility Result - Documentation of insurance eligibility for dates of service:

   a. Primary insurance
   b. Secondary insurance
   c. Tertiary insurance

4. Physician Order (outpatient clinical diagnostic services). Legal document of physician orders identifying ordering physician, patient, testing, and diagnosis.

5. Consent Form - Legal documentation of patient general consent.

6. Face sheet - Documentation of registration information at the point of service.

C. Inpatient Medicare - All inpatient Medicare accounts require the capture of the following additional documents:

Important Message from Medicare
Documentation of required delivery of Medicare Notice to patient or representative

D. Outpatient Medicare - All Outpatient Medicare accounts require the capture of the following documents (when applicable medical necessity guidelines apply):

Advance Beneficiary Notice (ABN)
Required for medical necessity fail results to document patient acknowledgement of likelihood that Medicare may not pay for services

E. Outpatient Managed Care - All Outpatient Management Care accounts required the following:

1. HMO Managed Care Plans

   a. Referral Form – Documentation of primary care physician referral and authorization for service. .

2. Other Managed Care Plans

   a. Authorization/certification – Dependent on the plan type and service delivered, an authorization or certification may be required. When an authorization number is obtained, it should be documented in HOST System

   b. Documentation of the authorization/certification should be electronically retained.

F. Other Documents. Other documents may be captured at the point of service based on ministry specific situations and guidelines. The above is not intended to be an all inclusive list but a guideline for the capture of critical documentation.

VI. IMPLEMENTATION FORMS AND OTHER DOCUMENTS

Absence of Identification Form Attachment

VII. RELATED SYSTEM OR MINISTRY REFERENCES

N/A

Presence Health℠

ABSENCE OF ID/MEDICAL RECORD/AND OR INSURANCE CARRIER DISCREPANCY

PRINTED NAME as it appears in Medical Record: _____

DATE OF BIRTH as it appears in Medical Record: _____

Accurately identifying patients is a National Patient Safety requirement. We are required to accurately identify patients using a minimal of two identifiers to ensure the safety of all patients.

Section A: Absence of Identification

☐ **No Patient ID** – The patient does not have evidence of identity in their legal name and/or evidence of age to support their date of birth

PRINTED NAME: _____

DATE OF BIRTH: _____

☐ **No Guarantor ID** – The guarantor does not have evidence of identity in their legal name.

PRINTED NAME: _____

DATE OF BIRTH: _____

Section B: Medical Record Identification Discrepancy

☐ **My NAME, DATE OF BIRTH** is incorrect as it appears in my medical record. Please correct my medical record as indicated below. I have provided proof of identity and or evidence to support my date of birth.

PRINTED NAME: _____

DATE OF BIRTH: _____

OTHER: _____

☐ **I have proof of identity** Identification Presented: Check all that apply

___ Driver License ___ State ID ___ Passport ___ Visa/Alien Card ___ Birth Certificate ___ SS Card

___ Insurance Card ___ Other (Specify): _____

☐ **I do not have proof of identity.** I am aware that the hospital cannot edit my record until I have provided proof of Identification

PLEASE CONTACT YOUR INSURANCE CARRIER TO HAVE CORRECTIONS MADE

Your insurance carrier will return claims as unprocessed when the name and/or date of birth in your medical record does not match the name and /or date of birth on your insurance carrier files. Discrepancy on file with your insurance carrier is:

☐ **Incorrect NAME –** Listed as: _____

☐ **Incorrect DATE OF BIRTH –** Listed as: _____

MEDICARE PATIENTS: Medicare obtains your name and date of birth from the Social Security Administration. Contact them at 1-800-772-1213 or TTY 1-800-325-0778.

I understand it is against various laws and regulations to make a false statement or show false evidence of identity and/or age that affect medical records. Any person who knowingly provides any false, incomplete, or misleading identification information may be subject to further investigation.

I further certify that I am the above named patient or am the responsible individual, that all the identity information is correct.

Patient or Responsible Individual Signature	Relationship to Patient / Date	Witness

Presence Health℠

SYSTEM POLICY

Section:	Quality/Patient Safety/Risk Management	**Policy #: PH-200-0006**
Subject:	Verification of Patient Identity	**Page**: 1 of 6
Executive Owner:	Quality/Clinical Innovation Officer	**Approval Date**: 6/27/2013 **Effective Date:** 7/1/2013 **Last Review Date:** New Policy **Revised Date:** **Supersedes:**

I. POLICY STATEMENT

It is the policy of Presence Health ministries to ensure that patient identification is confirmed using the two-specific identifiers, patient name and birth date, to reliably identify the individual as the person for whom the service or treatment is intended and to match the service or treatment to that individual. Therefore, the two patient/client specific identifiers must be directly associated with the individual and the same identifiers must be directly associated with the medications, blood products, specimen containers (such as on an attached label), other treatments or procedures.

Exception: Patients unable to provide identifying information, which have conditions requiring emergency care, will receive treatment prior to identification if such care and treatment is necessary to stabilize the patient's condition.

II. PURPOSE

Consistent with its values as a Catholic health care provider and its underlying commitment to the dignity of each person, the goals of patient management in Presence Health ministries are to promote safety, to preserve the dignity, rights, and well-being of patients and their families. We must provide accurate identification of patients in order to minimize related medical errors and patient harm and to be faithful to our values, especially the values of respect and excellence.

III. MISSION / VALUES RATIONALE

Our mission and values of Oneness and People call us to provide the highest quality services possible to the people entrusted to our care. As we work to provide compassionate, holistic care with a spirit of healing and hope in the communities, we continually strive to improve the quality and safety of care we provide.

IV. SPECIAL INSTRUCTION

A. **Principles of Identification**. A system for positive identification of all patients fulfills three (3) basic functions:

1. Provides positive identification of patients from the time of admittance or acceptance of treatment.

2. Provides a positive method of linking patients to their medical records and treatment.

3. Minimizes the possibility that identifying data can be lost or transferred from one patient to another.

B. Exception: Patients unable to provide identifying information, which have conditions requiring emergency care, will receive treatment prior to identification if such care and treatment is necessary to stabilize the patient's condition.

V. DEFINITIONS

N/A

VI. PROCEDURES

Patients/Clients are identified at the point the patient enters a Presence Health Ministry and assessed across the continuum of care. Patient/Client identification is reconfirmed whenever administering medications or blood products, taking blood samples and other specimens for clinical testing, or providing any other treatments or procedures (including invasive procedures).

A. Aspects of Patient Identification include "**identifiers**" and "**sources**"

1. The following identifiers are approved for positive identification of the patient/client:

   a. Patient Name
   b. Date of Birth (If a patient's date of birth is not available, the second identifier will become the patient's medical record number)
   c. Medical Record Number
   d. Photographs of patients taken in the hospital labeled with their name and date of birth. (The above means of identification may be utilized in selected outpatient settings i.e. Radiation Oncology and Chemotherapy Sites and in the Behavioral Health setting. However, in the case of high-risk interventions – like methadone – to ensure "matching" of the treatment to the individual, two identifiers must be utilized

2. A combination of two-identifiers such as patient name and date of birth is used to confirm the patient's identity. The following sources of the patient identifier may include:
   a. Patient
   b. Relative (parent; spouse; adult sibling; adult child) if the patient is non-decisional, incapacitated or unable to state name and birthdate
   c. Guardian
   d. Domestic partner
   e. Government issued identification
   f. Transferring facility, if the patient is unable or Health Care Power of Attorney Agent is unavailable.

   Note: If staff is unable to identify the patient, the patient is placed in a "no name" status

B. Identification Band. Identifiers are read back for confirmation, and an identification band is applied following initial identification of the patient:

1. **Inpatient**

   a. If the patient is a scheduled/direct admission, a tamper proof, non-transferable identification band shall be prepared and affixed to the patient's wrist or ankle in the Admitting/Registration department or upon admission to the patient care unit.

   b. The identification band will include the following information:

      i. Patient's full name;
      ii. Hospital identification number;
      iii. Medical Record number;
      iv. Date of Birth
      v. Age
      vi. Gender; and
      vii. Attending Physician

   c. No procedure shall be conducted or medication administered when the patient's identity cannot be verified, for instance, if the imprinted band is illegible or missing.

   d. Defective or missing bands shall be replaced immediately with the new bands by the patient's nurse. The patient-identifiers will be validated prior to applying new bands.

2. **Emergency Department Admission**

   a. If the patient is an emergency department admission, an emergency department (ED) identification band will be prepared immediately upon patient entry to the emergency department treatment area. The identification band will be affixed to the patient and will list the patient's full name, emergency department identification number, sex and date of birth.

   b. If the emergency department patient is converted to inpatient status, the same procedure must be followed as outlined at the beginning of the policy.

   c. In the event a patient arrived to the ED with no personal identification, and cannot be identified, a temporary identification band will be placed on the patient.

   d. The patient registration department will be notified and will assign an account number
      i. Patient registration will initiate an ED record identifying the patient with a temporary name (Example: Jane / John Doe).
      ii. An identification band will be affixed to the patient, the temporary name and medical record number will be utilized for the two identifiers (until the patient has been identified).

e. Upon positive identification of the patient, ED will notify the patient registration department to update the patient's record and issue a corrected identification band (the ED number will remain the same). Affix the correct identification band to the patient's wrist or ankle and follow the two-identifier process procedure. The temporary identification band is removed and discarded.

3. **Outpatient**

Same procedure must be followed as outlined at the beginning of the policy.

a. Outpatient clinical areas, some are listed below, must place identification bands on the wrist or ankle of patients undergoing procedures:
   i. Outpatient Surgery (for invasive procedures)
   ii. CHF Clinic (when Dobutamine is infused)
   iii. Endoscopy Lab (for moderate sedation procedures)

b. Before any procedure is carried out, the identification band shall be on the patient and will be checked by the responsible care provider.

The following **two identifiers** to ensure that the right patient is involved:
   i. Patient name
   ii. Patient date of birth

If the patient's date of birth is not available, the second identifier will become the patient's medical record number.

c. Whenever possible staff should also verbally assess the patient to assure proper identification, asking the patient's name and date of birth and matching the verbal confirmation to the written information on the identification band.

The procedure/treatment/medication order shall also be checked against the patient identifiers.

d. Patient identification must be confirmed using the **two-identifier** system prior to conducting any healthcare procedures or treatments. Procedures may include, but are not limited to: administration of medication, transfusion of blood or blood components, obtaining blood or other specimens from the patient, performing treatments and/or, diagnostic tests (i.e., diagnostic radiographic study) and transferring patients to another department.

   i. No procedure shall be conducted or medication administered when the patent's identity cannot be verified, for instance if the imprinted band is illegible or missing.

   ii. Defective or missing bands shall be replaced immediately with the new bands by the patient's nurse. The patient-identifiers will be validated prior to applying new bands.

e. Each healthcare provider conducting assessments on the patient shall include a check of the patient's identification band to assure the band is present and legible, as a routine component of the patient assessment process.

f. The daily nursing staff rounds shall include spot-checking the patients to ensure that they are wearing identification bands and that the information is legible.

4. **Behavioral Health Unit**. On the Behavioral Health unit or selected outpatient areas, the patient /clients photograph may be used for purposes of visual identification by staff. (However, in the case of high-risk interventions – like methadone – to ensure "matching" of the treatment to the individual, two identifiers must be utilized.)

a. If the identification band must be removed by a staff member, a new band shall be made, identification re-confirmed, and the band placed on the patient.

b. Patients with identical surnames should not be placed in the same room whenever possible.

C. Confirming Identify before Operative/Invasive Procedure

The healthcare provider verifies verbally and visually the identity of the individual undergoing the operative or invasive procedure will follow the procedure below:

1. **Alert and Oriented Patient**

a. Greets patient using his/her full name, introduces self, and asks patient to state name, birth date and when indicated could include but is not limited to the procedure, medication, test and/or treatment to be provided.

b. Verifies name and birth date on the medical record with the patient's identification band.

c. Verifies name and birth date from patient identification band with patient's chart.

d. Verifies that consent form coincides with procedure identified by patient.

2. **Child**

a. Follows steps delineated above for validating two patient identifiers from identification band.

b. Establishes contact with child and parent or legal guardian.

c. Asks parent/legal guardian child's name, birth date and procedure being performed.

d. Asks the same of child, if appropriate.

e. Relies on unit nursing staff to identify the **patient** in absence of parent/legal guardian.

3. **Comatose and Disoriented Patient**

a. Verifies two (2) identifiers from patient's identification band and patient's chart, such as orders or Medication Administration Records to verify the full name and Date of Birth.

b. Asks family member, if present, to identify patient using name and birthdate.

c. Relies on unit nursing staff to identify patient in absence of any family member.

4. **Discharged / Transferred Patients**

a. The patient shall wear the identification band when discharged/transferred.

b. Before patient is transferred, the transferring nurse verifies that the identification is in place

c. In the event of death, the identification band shall remain on the patient's body.

VII. FORMS AND OTHER DOCUMENTS

N/A

VIII. REFERENCES

The Joint Commission (TJC) National Accreditation Program; Hospital (2013) Accreditation Standards, Chapter: National Patient Safety Goals

Resurrection Health Care

POLICY PROTOCOL		
CATEGORY: Legal Affairs		NUMBER: 100.40
TITLE: Patient Transportation and Other Non-Reimbursed Goods and Services Provided to Patients		TITLE NUMBER: 488.01
		PAGE: 1 OF 4
EFFECTIVE DATE: May 2008	REVISION DATE:	SUPERSEDES:
REFER TO: Financial Assistance and Charity Care Policy		LOCATION: System Policy Manual

PHILOSOPHY

Legal Affairs Policies are intended to guide the activities of Resurrection Health Care within the scope of applicable law, ethics and values while concurrently protecting and defending Resurrection Health Care when at risk of litigation.

PURPOSE

This policy outlines key components of the policy of Resurrection Health Care (RHC) regarding the provision by RHC entities of transportation and other goods and services to patients and prospective patients, including Medicare and Medicaid beneficiaries, other than goods and services that are properly reimbursable by Medicare, Medicaid or other payors as an integral part of patient clinical care.

PROCESS

1. Resurrection Health Care processes are designed to ensure appropriate patient care needs are met in a manner consistent with its charitable purposes and in compliance with applicable guidelines, standards, laws and regulations. This policy summarizes RHC's position on RHC entities providing items of value, including transportation and other goods and services, on a free or discounted basis, to Medicare and Medicaid beneficiaries and other individuals in the community.

2. Definition of Remuneration: For purposes of this policy, "remuneration" means anything of value, including virtually any good or service (including transportation), which is received for free or at a discount from its fair market value.

Resurrection Health Care

POLICY PROTOCOL		
CATEGORY: Legal Affairs		NUMBER: 100.40
TITLE: Patient Transportation and Other Non-Reimbursed Goods and Services Provided to Patients		TITLE NUMBER: 488.01 PAGE: 2 OF 4
EFFECTIVE DATE: May 2008	REVISION DATE:	SUPERSEDES:
REFER TO: Financial Assistance and Charity Care Policy		LOCATION: System Policy Manual

3. General Prohibition Against Providing Remuneration to Medicare and Medicaid Beneficiaries with Intent to Influence Patient Choice.

3.1 No Remuneration to Medicare or Medicaid Beneficiaries: RHC entities will not offer any remuneration to a Medicare or Medicaid beneficiary who is a patient or prospective patient, or to such person's friend or family member, with the intent of influencing that patient's selection of a provider or supplier of health care services.

3.2 Remuneration Arrangements Involving Other Patients: When consistent with applicable law and RHC's tax-exempt and charitable mission, RHC entities may offer certain free or below-cost goods or services to patients other than Medicare and Medicaid beneficiaries, with the approval of a Group Vice President, and after consultation with the RHC Office of Legal Affairs or the System Compliance Officer. However, in no event shall such arrangements be established or maintained unless the applicable RHC entity is able to assure with 100% accuracy that no such remuneration will be provided to any Medicare or Medicaid beneficiary.

4. Goods and Services Not Considered Prohibited Remuneration. The following forms of remuneration are not considered prohibited remuneration and therefore may be provided to Medicare or Medicaid beneficiaries:

4.1 Gifts of Nominal Value: Gifts of goods or services to Medicare or Medicaid beneficiaries may be provided if they do not exceed a value of $10.00 per instance and $50.00 in the aggregate annually per patient.

4.2 Bus or Cab Fares or Vouchers for Patients Unable to Pay for Transportation at Discharge: Consistent with RHC's charitable purposes, RHC hospitals may provide cab or bus fares or vouchers to patients, including Medicare and Medicaid beneficiaries leaving the hospital after an inpatient stay or outpatient procedure, who appear to be in financial need without another way to be safely discharged. Such emergency transportation services should not be advertised to patients in

advance of admission for hospital services, and shall not be structured in a manner such that individual Medicare or Medicaid beneficiaries might be induced to use hospital services due to the availability of emergency transportation services when they are discharged.

4.3 Waivers of Co-Payments or Deductibles Based on Financial Need. Waivers of co-payment or deductible amounts if there is a determination that the patient's reported household income is within the range for which RHC hospitals provide financial assistance/charity care under RHC policy, provided that the waiver is not (i.) routine; or (ii.) advertised (although the possibility of waiver may be discussed in response to patient financial assistance inquiries).

4.4 Co-Pay or Deductible Differential: Properly disclosed differentials in a health insurance plan's co-payments or deductibles.

4.5 Preventive Care Incentives: Incentives to promote the delivery of preventative care, as defined in 42 CFR 1003.101 and described in the US Preventive Services Task Force *Guide to Clinical Preventive Services* (available online at http://www. ahrq. gov/clinic/pocketgd.htm). For example, such preventative services include disease screenings (e.g. breast cancer screenings), counseling to promote public health (e.g. smoking cessation counseling) or immunizations. The *Guide to Clinical Preventive Services* should be consulted to obtain a complete list of acceptable preventative care activities for the purpose of this policy. Such incentives to promote the delivery of preventative care may not be in the form of cash or cash equivalents, such as a gift card, and may not be disproportionate to the value of the preventive care provided.

4.6 Waivers in Excess of Medicare Minimum Outpatient Co-Payments: Waivers of co-payment amounts for Medicare beneficiaries in excess of the Medicare's minimum co-payment amounts under its hospital outpatient fee schedule.

Resurrection Health Care

POLICY PROTOCOL		
CATEGORY: Legal Affairs		NUMBER: 100.40
TITLE: Patient Transportation and Other Non-Reimbursed Goods and Services Provided to Patients		TITLE NUMBER: 488.01 PAGE: 4 OF 4
EFFECTIVE DATE: May 2008	REVISION DATE:	SUPERSEDES:
REFER TO: Financial Assistance and Charity Care Policy		LOCATION: System Policy Manual

5. Transportation Services. In addition to nominal-value, non-routine transportation services (not more than $10 per ride and $50 annually) consistent with the nominal gifts exception described in Section 4.1, and non-advertised return transportation services consistent with the exception described in Section 4.2, RHC hospitals or other RHC facilities may provide the following transportation services to Medicare and Medicaid beneficiaries, as well as other patients:

5.1 Van or Similar Transport at Fair Market Value: RHC hospitals and other RHC facilities may provide van or similar type transportation services to individuals traveling to or from the hospital campus within the hospital's primary service area, provided that patients are charged a fair market value fee for such transport. Fair market value shall be determined with reference to the cost of other forms of transportation within the primary service area, such as taxi and bus charges.

5.2 Permissible Free or Subsidized Transportation for Extended Courses of Treatment: Free or subsidized transportation within the hospital's primary service area may be provided to existing patients and accompanying family members, when necessary to assure continuity of care (such as transportation during a course of chemo-therapy, dialysis, radiation therapy, cardiopulmonary rehabilitation, or similar services) or patient safety, provided (i.) there has been a determination and documentation of financial need; (ii.) the transportation is not by limousine, ambulance or other luxury-type transportation, (iii.) the transportation is offered uniformly to all patients who require multiple treatments; (iv.) alternate means of transportation are not available or feasible for the patient; (v.) the cost of the transportation is not claimed on the RHC provider cost report, and (vi.) because this is a highly regulated area, the transportation arrangement has been reviewed by the RHC Office of Legal Affairs or the System Compliance Officer and confirmed to be consistent with this policy and then-current regulatory requirements and guidelines.

Community First Healthcare of Illinois, Inc.

September 25, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Re: Criterion 1110.240(c), Admission Policy & Access to Care Certification

Dear Ms. Avery and Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin. Code § 1110.240(c), that Community First Healthcare of Illinois, Inc. (the "Purchaser") shall not cause Our Lady of the Resurrection Medical Center (the "Hospital") to adopt more restrictive admission policies or take measures to reduce access to care at the Hospital following the proposed transaction between the Purchaser and Presence Health Network and Presence Our Lady of the Resurrection Medical Center.

Sincerely,

Edward J. Green
Principal
Community First Healthcare of Illinois, Inc.

SUBSCRIBED AND SWORN
to before me this 27 day
of September, 2014.

Notary Public

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

Section VIII
Attachment 36
Criterion 1120.120, Availability of Funds

Pursuant to the terms of the Asset Purchase Agreement, Community First will acquire the Hospital for Ten Million Dollars ($10,000,000) in cash, cash equivalents and/or the retention of designated accounts receivable, as well as a capital commitment by Community First to fund and expend no less than Twenty Million Dollars ($20,000,000) for the benefit of the Hospital during the five years following the closing of the Transaction.

Community First will fund the Transaction with the working capital on the Hospital's balance sheet on the effective date of the Transaction. Community First has also secured a $15,000,000 revolving line of credit from Muneris Capital Group. The commitment letter from Muneris Capital Group is attached at **ATTACHMENT 36**.

Community First escrowed $500,000 in cash with Chicago Title & Trust Company (Escrow Trust Number 201439080) on September 19, 2014, as an earnest money deposit for the Transaction.

An affidavit from Mr. Green attesting to these statements is attached at **ATTACHMENT 36**.

MUNERIS
CAPITAL GROUP LLC
526 Seventh Avenue, 6th Floor • New York, NY 10018

9/16/2014

Mr. Edward Green, Esq.
Principal
Community First Healthcare of Illinois, Inc
5645 W. Addison St.
Chicago, IL 60634

Dear Mr. Green:

Muneris Capital Group, LLC ("MCG") is pleased to confirm in this letter that it has received credit committee approval for the basic terms of acquisition and working capital financing to Community First Healthcare of Illinois, Inc. ("Borrower") for the acquisition of Our Lady of Resurrection ("Target" or "OLR") which would be secured by the accounts receivable, property and equipment of the hospital. The terms set forth below are based on the approval of our credit committee and are subject to (i) no material adverse change to the business of OLR, the proposed business plan for OLR, the proposed operational and management structure of OLR, the terms of the acquisition or the value of the collateral from the date of this letter until closing of the transaction, (ii) the continued accuracy of the information you have previously furnished us with respect to the Borrower and the competitive environment within which OLR operates, (iii) no material adverse developments with respect to the legal and regulatory matters applicable to OLR and the Borrower and (iv) execution of closing documentation in form and substance acceptable to us and our counsel. We have limited this letter to an identification of the material terms of the financing we have discussed and there will be additional terms, conditions, covenants, representations, warranties, default clauses and other provisions in the definitive documents customary for such transaction.

Borrower:	Community First Healthcare of Illinois, Inc
Facility:	$15,000,000 Revolving Line of Credit.
Purpose:	Provide acquisition, capital expenditure & working capital
Maturity Date:	The earlier to occur of (a) 24 months from Closing or, (b) any date determined in accordance with an event of default. The lender will have an option to renew the transaction for an additional two years after the 18th month anniversary.
Repayment:	Subject to the Availability Formula, interest-only, monthly in arrears on the outstanding principal balance; principal due in full on the Maturity Date.

Interest Rate:

The Prime Rate plus 5% of the Outstanding Loan Balance. "Prime Rate" means the rate of interest quoted from time to time by Wells Fargo Bank as its prime rate or a comparable reference rate designated by Lender. Once certain financial covenants are exceeded, the Interest Rate will be reduced to Prime Plus 3%.

Revolving Line Eligible Receivables:

(1) All commercial insurance, Blue Cross, workers' compensation, Medicare & HMO accounts receivable no more than 150 days from the date of service that are due from insurance companies with an AM Best rating equal to or greater A, governmental agencies, and other credit worthy companies & third party administrators.
(2) All Illinois Medicaid accounts receivable no more than 180 days from the date of service.

Net Collectible Value (NCV):

The following NCV's were determined during due diligence based on gross (pre-billed) charges but will be subject to change based on the collateral performance between the date of this letter and the Closing Date:

Inpatient Accounts Receivable:	
Medicare:	19.06%
Medicaid:	8.22%
Managed Care:	23.50%
MCare Mng. Care:	19.32%
Blue Cross	23.68%
Commercial	48.21%
Workers Comp	49.53%

Outpatient Accounts Receivable:	
Medicare:	15.00%
Medicaid:	5.44%
Managed Care:	18.97%
MCare Mng. Care:	17.09%
Blue Cross	14.50%
Commercial	83.48%
Workers Comp	53.64%

Revolving Loan Availability Formula:

Borrowings under the Facility shall at no time exceed 85% of the NCV balance.

Fees: The following are the fees associated with the credit facility.

1. **Facility Fee:** Borrower shall be obligated to pay Lender a Facility Fee in an amount equal to two percent (2%) of the Facility Amount payable from the proceeds at closing.

2. **Service fee:** 0.27% per month of the average outstanding loan balance, paid monthly in arrears, to monitor and to service this loan.

3. **Unused Fee:** Two percent (2%) per annum of the unused portion of the Facility paid monthly in arrears.

4. **Termination Fee:** 10% of the Facility for the life of the loan

5. **Fees & Expenses:** Borrower shall pay all fees and expenses related to the underwriting, legal, set-up, data interfacing and closing process of the loan.

Collections: A lockbox account will be established at Wells Fargo Bank.

Financial Covenants: Current Ratio: 1:1

Fixed Charge Ratio: After a twelve (12) month grace period, 1:1

Loan Turnover: 45 days

Conditions to Closing: No material adverse change to the business, operations, staffing, revenue, census, physical plant, equipment or licensure. Executed asset purchase agreement by the buyer and the seller, regulatory approval, transitional services agreement satisfactory to the Lender, and new senior management satisfactory to the Lender.

Closing: A date on which Borrower and Lender may mutually agree.

Governing Law: Laws of the state of New York.

Sincerely,

Muneris Capital Group, LLC

Timothy Peters, Partner

Accepted & agreed,

Community First Healthcare of Illinois, Inc.

Edward Green

Edward Green, Principal

Community First Healthcare of Illinois, Inc.

September 25, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Re: Criterion 1120.120, Availability of Funds Certification

Dear Ms. Avery and Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin. Code § 1120.120, to the following:

1. Community First Healthcare of Illinois, Inc. ("Community First") will fund the Transaction set forth in that certain Asset Purchase Agreement, dated September 16, 2014, between Community First and Presence Health Network and Presence Our Lady of the Resurrection Medical Center with the working capital on the balance sheet of Presence Our Lady Of Resurrection Medical Center on the effective date of the Transaction.

2. Community First has also secured a $15,000,000 revolving line of credit from Muneris Capital Group.

3. Community First escrowed $500,000 in cash with Chicago Title & Trust Company (Escrow Trust Number 201439080) on September 19, 2014, as an earnest money deposit for the Transaction.

Sincerely,

Edward J. Green
Principal
Community First Healthcare of Illinois, Inc.

SUBSCRIBED AND SWORN
to before me this 27 day
of September, 2014.

Notary Public

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

Section IX
Attachment 38
Criterion 1120.130, Financial Viability

1. Project Funding.

Community First will fund the Transaction with the working capital on the Hospital's balance sheet on the effective date of the Transaction. Community First has also secured a $15,000,000 revolving line of credit from Muneris Capital Group. The commitment letter from Muneris Capital Group is attached at **ATTACHMENT 36**.

Community First escrowed $500,000 in cash with Chicago Title & Trust Company (Escrow Trust Number 201439080) on September 19, 2014, as an earnest money deposit for the Transaction.

An affidavit from Mr. Green attesting to these statements is attached at **ATTACHMENT 36**.

2. Viability Ratios. Community First was specifically organized for the Transaction. Thus, Community First does not have any historical financial information.

Community First worked with Muneris Capital Group to prepare the proforma financial statements for the Hospital following the Transaction (the "Proformas"). The Proformas are attached at **ATTACHMENT 38**.

The viability ratios are set forth in the following chart:

Financial Viability Analysis						
	2015	State Norm	2015 vs. Norm	2016	State Norm	2016 vs. Norm
Current Ratio	8.65	2.0	Satisfies	14.71	2.0	Satisfies
Net Margin Percentage	5.25%	5.0%	Satisfies	10.75%	5.0%	Satisfies
Percent Debt to Total Capitalization	37%	50%	Satisfies	31%	50%	Satisfies
Projected Debt Service Coverage	2.70	2.5	Satisfies	4.93	2.5	Satisfies
Days Cash on Hand	102.34	75	Satisfies	122.64	75	Satisfies
Cushion Ratio	20.28	7	Satisfies	15.16	7	Satisfies

3. Variances. The financial viability ratios have been satisfied.

Community First Healthcare of Illinois, Inc
Pro Forma Balance Sheet 2015

	Internal 01/01/15	Internal 01/31/15	Internal 02/28/15	Internal 03/31/15	Internal 04/30/15	Internal 05/31/15	Internal 06/30/15	Internal 07/31/15	Internal 08/31/15	Internal 09/30/15	Internal 10/31/15	Internal 11/30/15	Internal 12/31/15
Cash	$ 7,075,000	9,529,626.12	11,617,950.14	11,054,221.41	10,856,385.12	11,232,840.47	10,719,566.06	10,667,158.13	11,171,962.76	11,897,697.14	12,813,581.27	28,683,032.43	30,844,328.72
Accounts Receivable, net	-	6,061,433	11,382,760	13,983,377	13,010,327	11,562,890	12,549,745	13,168,168	13,808,791	14,574,084	15,514,260	16,446,025	17,375,691
Inventory & Supplies	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340
Prepaid Expenses/Other Current As	-												
Total Current Assets	8,790,340	17,306,399	24,716,050	26,752,939	25,582,052	24,511,070	24,984,651	25,550,666	26,696,094	28,187,121	30,043,182	46,844,397	49,935,360
Property, Plant & Equipment	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498
Depreciation & Amortization		(196,706)	(393,413)	(590,119)	(786,825)	(983,532)	(1,204,048)	(1,424,564)	(1,645,079)	(1,865,595)	(2,086,111)	(2,332,093)	(2,578,245)
Deferred Closing Costs	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000
Post Acquisition Cap Ex	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Assets	$ 28,930,838	$ 39,250,191	$ 46,463,135	$ 48,303,318	$ 46,935,725	$ 45,668,037	$ 47,921,102	$ 48,266,600	$ 49,191,513	$ 50,462,024	$ 52,097,568	$ 68,652,802	$ 71,497,612
Current Portion of LT Debt	$ -	320,000	320,000	320,000	320,000	320,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000
Accounts Payable	-	851,196	1,106,557	1,438,524	1,870,081	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803
Accrued Payroll & Expenses	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Current Portion of Real Estate Loar	-											1,200,000	1,200,000
Other Current Liabilities	-												
Total Current Liabilities	1,500,000	2,671,196	2,926,557	3,258,524	3,690,081	4,250,803	4,570,803	4,570,803	4,570,803	4,570,803	4,570,803	5,770,803	5,770,803
Real Estate Loan												13,800,000	13,774,364
Revolver		4,817,861	8,919,564	10,561,558	8,831,399	7,004,632	7,645,251	7,959,084	8,283,253	8,706,966	9,273,740	9,828,059	10,375,341
Due to Third Parites	-	3,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Long Term Cap Ex Fin	-	1,280,000	1,256,190	1,232,381	1,208,571	1,184,762	2,440,952	2,393,332	2,345,712	2,298,092	2,250,472	2,202,852	2,155,232
Total Liabilities	1,500,000	11,769,057	19,102,311	21,052,463	19,730,051	18,440,197	20,657,006	20,923,219	21,199,769	21,575,861	22,095,015	37,601,714	38,075,740
Paid-In-Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Members' Equity (Deficit)	26,930,838	26,981,134	26,860,824	26,750,855	26,705,674	26,727,839	26,764,095	26,843,381	27,491,744	28,386,162	29,502,553	30,551,087	32,921,872
Total Equity	27,430,838	27,481,134	27,360,824	27,250,855	27,205,674	27,227,839	27,264,095	27,343,381	27,991,744	28,886,162	30,002,553	31,051,087	33,421,872
Total Liabilities and Equity	$ 28,930,838	$ 39,250,191	46,463,135	48,303,318	46,935,725	45,668,037	47,921,102	48,266,600	49,191,513	50,462,024	52,097,568	68,652,802	71,497,612
	-	-	-	-	-	-	-	-	-	-	-	-	-
Reconciliation of Retained Earnings													
Beginning Retained Earnings	$ 27,430,838	27,430,838	27,481,134	27,360,824	27,250,855	27,205,674	27,227,839	27,264,095	27,343,381	27,991,744	28,886,162	30,002,553	31,051,087
Net Income (loss)	-	50,296	(120,309)	(109,970)	(45,181)	22,165	36,256	79,286	648,363	894,418	1,116,391	1,048,534	2,370,785
Distributions	-												
Prior Period Adj	-	-											
Ending Retained Earnings	$ 27,430,838	$ 27,481,134	27,360,824	27,250,855	27,205,674	27,227,839	27,264,095	27,343,381	27,991,744	28,886,162	30,002,553	31,051,087	33,421,872
Check	-	-	-	-	-	-	-	-	-	-	-	-	-

0220

ATTACHMENT 38

Community First Healthcare of Illinois, Inc
Pro Forma Balance Sheet 2016

	Internal 01/31/16	Internal 02/28/16	Internal 03/31/16	Internal 04/30/16	Internal 05/31/16	Internal 06/30/16	Internal 07/31/16	Internal 08/31/16	Internal 09/30/16	Internal 10/31/16	Internal 11/30/16	Internal 12/31/16
Cash	29,892,995.70	30,402,462.45	31,323,849.14	32,278,834.34	33,266,544.77	33,566,648.26	34,595,230.14	36,443,097.17	37,536,289.19	38,661,864.54	39,819,890.35	40,910,438.86
Accounts Receivable, net	17,722,106	17,992,613	18,230,785	18,455,271	18,674,056	18,890,559	19,106,246	19,321,746	19,537,330	19,753,116	19,969,157	20,185,478
Inventory & Supplies	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340	1,715,340
Prepaid Expenses/Other Current Assets												
Total Current Assets	49,330,441	50,110,416	51,269,974	52,449,445	53,655,941	54,172,547	55,416,816	57,480,183	58,788,959	60,130,321	61,504,388	62,811,257
Property, Plant & Equipment	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498	19,415,498
Depreciation & Amortization	(2,824,568)	(3,094,872)	(3,365,349)	(3,636,001)	(3,906,828)	(4,177,832)	(4,472,824)	(4,767,994)	(5,063,344)	(5,358,877)	(5,654,591)	(5,950,490)
Deferred Closing Costs	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000	725,000
Post Acquisition Cap Ex	4,000,000	6,000,000	6,000,000	6,000,000	6,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total Assets	$ 70,646,372	$ 73,156,042	$ 74,045,122	$ 74,953,942	$ 75,889,610	$ 78,135,213	$ 79,084,491	$ 80,852,687	$ 81,866,112	$ 82,911,942	$ 83,990,294	$ 85,001,265
Current Portion of LT Debt	320,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000
Accounts Payable	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803	2,430,803
Accrued Payroll & Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Current Portion of Real Estate Loar	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Other Current Liabilities												
Total Current Liabilities	3,950,803	4,270,803	4,270,803	4,270,803	4,270,803	4,270,803	4,270,803	4,270,803	4,270,803	4,270,803	4,270,803	4,270,803
Real Estate Loan	13,748,557	13,722,578	13,696,426	13,670,100	13,643,598	13,616,920	13,590,064	13,563,029	13,535,813	13,508,416	13,480,836	13,453,072
Revolver	10,422,928	10,401,213	10,348,280	10,280,427	10,204,630	10,123,875	10,039,438	9,951,865	9,861,390	9,768,112	9,672,073	9,573,290
Due to Third Parites	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Long Term Cap Ex Fin	2,107,612	3,339,992	3,268,562	3,197,132	3,125,702	4,334,272	4,239,032	4,143,792	4,048,552	3,953,312	3,858,072	3,762,832
Total Liabilities	36,229,900	37,734,586	37,584,071	37,418,462	37,244,733	38,345,870	38,139,337	37,929,489	37,716,558	37,500,643	37,281,784	37,059,997
Paid-In-Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Members' Equity (Deficit)	33,916,471	34,921,455	35,961,052	37,035,480	38,144,877	39,289,343	40,445,154	42,423,198	43,649,554	44,911,299	46,208,510	47,441,268
Total Equity	34,416,471	35,421,455	36,461,052	37,535,480	38,644,877	39,789,343	40,945,154	42,923,198	44,149,554	45,411,299	46,708,510	47,941,268
Total Liabilities and Equity	$ 70,646,372	73,156,042	74,045,122	74,953,942	75,889,610	78,135,213	79,084,491	80,852,687	81,866,112	82,911,942	83,990,294	85,001,265
	-	-	-	-	-	-	-	-	-	-	-	-
Reconciliation of Retained Earnings												
Beginning Retained Earnings	32,921,872	34,416,471	35,421,455	36,461,052	37,535,480	38,644,877	39,789,343	40,945,154	42,923,198	44,149,554	45,411,299	46,708,510
Net Income (loss)	994,599	1,004,984	1,039,596	1,074,428	1,109,397	1,144,466	1,155,811	1,978,044	1,226,356	1,261,745	1,297,212	1,232,758
Distributions												
Prior Period Adj	-											
Ending Retained Earnings	$ 34,416,471	35,421,455	36,461,052	37,535,480	38,644,877	39,789,343	40,945,154	42,923,198	44,149,554	45,411,299	46,708,510	47,941,268
Check	-	-	-	-	-	-	-	-	-	-	-	-

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ATTACHMENT 38

Community First Healthcare of Illinois, Inc
Pro Forma Income Statement 2015

	Internal 01/31/15	%	Internal 02/28/15	%	Internal 03/31/15	%	Internal 04/30/15	%	Internal 05/31/15	%	Internal 06/30/15	%	Internal 07/31/15	%	Internal 08/31/15	%	Internal 09/30/15	%	Internal 10/31/15	%	Internal 11/30/15	%	Internal 12/31/15		Total 2015
Revenue	$ 8,290,481	100.0%	$ 8,464,159	100.0%	$ 8,642,077	100.0%	$ 8,824,350	100.0%	$ 9,011,094	100.0%	$ 9,202,428	100.0%	$ 9,398,477	100.0%	$ 9,774,416	100.0%	$ 10,165,392	100.0%	$ 10,572,008	100.0%	$ 10,783,448	100.0%	$ 10,999,117	100.0%	114,127,447
Cost of Goods Sold	$ 6,156,967	74.3%	$ 6,381,976	75.4%	$ 6,516,126	75.4%	$ 6,653,560	75.4%	$ 6,794,365	75.4%	$ 6,938,631	75.4%	$ 7,086,451	75.4%	$ 7,237,921	74.0%	$ 7,393,140	72.7%	$ 7,552,206	71.4%	$ 7,715,226	71.5%	$ 7,807,171	71.0%	84,233,740
Gross Profit	$ 2,133,514	25.7%	$ 2,082,183	24.6%	$ 2,125,951	24.6%	$ 2,170,790	24.6%	$ 2,216,729	24.6%	$ 2,263,797	24.6%	$ 2,312,025	24.6%	$ 2,536,494	26.0%	$ 2,772,253	27.3%	$ 3,019,802	28.6%	$ 3,068,222	28.5%	$ 3,191,946	29.0%	29,893,707
																									-
Operating Expenses	2,077,022	25.1%	2,144,272	25.3%	2,155,772	24.9%	2,155,772	24.4%	2,155,772	23.9%	2,155,772	23.4%	2,155,772	22.9%	2,155,772	22.1%	2,155,772	21.2%	2,155,772	20.4%	2,155,772	20.0%	2,155,772	19.6%	25,779,013
EBITDA	56,492	0.7%	(62,089)	-0.7%	(29,821)	-0.3%	15,018	0.2%	60,957	0.7%	106,025	1.2%	156,253	1.7%	380,722	3.9%	616,481	6.1%	864,030	8.2%	912,450	8.5%	1,036,174	9.4%	4,114,694
																									-
Depreciation / Amortization	196,706	2.4%	196,706	2.3%	196,706	2.3%	196,706	2.2%	196,706	2.2%	220,516	2.4%	220,516	2.3%	220,516	2.3%	220,516	2.2%	220,516	2.1%	245,992	2.3%	246,152	2.2%	2,578,245
EBIT	(140,214)	-1.7%	(258,795)	-3.1%	(226,527)	-2.6%	(181,688)	-2.1%	(135,749)	-1.5%	(112,490)	-1.2%	(64,263)	-0.7%	160,206	1.6%	395,965	3.9%	643,514	6.1%	666,458	6.2%	790,022	7.2%	1,536,449
																									-
Interest Expense, net	(50,223)	-0.7%	(112,247)	-1.3%	(134,175)	-1.6%	(114,226)	-1.3%	(92,819)	-1.0%	(101,987)	-1.1%	(107,185)	-1.1%	(112,576)	-1.2%	(119,280)	-1.2%	(127,856)	-1.2%	(218,667)	-2.0%	(219,971)	2.0%	(1,521,212)
Other Income (Expense)	270,733	3.3%	270,733	3.2%	270,733	3.1%	270,733	3.1%	270,733	3.0%	270,733	2.9%	270,733	2.9%	620,733	6.4%	637,733	6.3%	620,733	5.9%	620,733	5.8%	1,820,733	16.6%	6,215,797
Other Non-Operating		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	-
Income Taxes	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(240,000)
Net Income	$ 50,296	0.6%	$ (120,309)	-1.4%	$ (109,970)	-1.3%	$ (45,181)	-0.5%	$ 22,185	0.2%	$ 36,256	0.4%	$ 79,286	0.8%	$ 648,363	6.6%	$ 894,418	8.6%	$ 1,116,391	10.6%	$ 1,048,534	9.7%	$ 2,370,785	21.6%	5,991,034
Operating Expense Breakout:																									
Payroll	826,145	10.0%	843,395	10.0%	854,895	9.9%	854,895	9.7%	854,895	9.5%	854,895	9.3%	854,895	9.1%	854,895	8.7%	854,895	8.4%	854,895	8.1%	854,895	7.9%	854,895	7.8%	10,218,487
Professional Fees	873,714	10.5%	873,714	10.3%	873,714	10.1%	873,714	9.9%	873,714	9.7%	873,714	9.5%	873,714	9.3%	873,714	8.9%	873,714	8.6%	873,714	8.3%	873,714	8.1%	873,714	7.9%	10,484,573
Purchased Services	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.3%	26,986	0.2%	323,828
Repairs and Maintenance		0.0%	50,000	0.6%	50,000	0.6%	50,000	0.6%	50,000	0.6%	50,000	0.5%	50,000	0.5%	50,000	0.5%	50,000	0.5%	50,000	0.5%	50,000	0.5%	50,000	0.5%	550,000
Insurance	210,640	2.5%	210,640	2.5%	210,640	2.4%	210,640	2.4%	210,640	2.3%	210,640	2.3%	210,640	2.2%	210,640	2.2%	210,640	2.1%	210,640	2.0%	210,640	2.0%	210,640	1.9%	2,527,681
Other Expenses	74,537	0.9%	74,537	0.9%	74,537	0.9%	74,537	0.8%	74,537	0.8%	74,537	0.8%	74,537	0.8%	74,537	0.8%	74,537	0.7%	74,537	0.7%	74,537	0.7%	74,537	0.7%	894,444
Legal Expenses	65,000	0.8%	65,000	0.8%	65,000	0.8%	65,000	0.7%	65,000	0.7%	65,000	0.7%	65,000	0.7%	65,000	0.7%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	780,000
Total Operating Expenses	$ 2,077,022	25.1%	$ 2,144,272	25.3%	$ 2,155,772	24.9%	$ 2,155,772	24.4%	$ 2,155,772	23.9%	$ 2,155,772	23.4%	$ 2,155,772	22.9%	$ 2,155,772	22.1%	$ 2,155,772	21.2%	$ 2,155,772	20.4%	$ 2,155,772	20.0%	$ 2,155,772	19.6%	25,779,013
Revenue																									
Gross Charges	8,290,481		8,464,159		8,642,077		8,824,350		9,011,094		9,202,428		9,398,477		9,774,416		10,165,392		10,572,008		10,783,448		10,999,117		114,127,447
Contractual Adjustments - Care/Caid					-																				-
Contractual Adjustments - Other					-																				-
Courtesy Discounts & Other																									-
Total Revenue Net	8,290,481		8,464,159	-	8,642,077	-	8,824,350	-	9,011,094	-	9,202,428	-	9,398,477	-	9,774,416	-	10,165,392	-	10,572,008	-	10,783,448	-	10,999,117	-	114,127,447
Other Income																									
DSH															350,000		350,000		350,000		350,000		350,000		1,750,000
Meaningful Use																							1,200,000		1,200,000
Fundraising																	17,000								17,000
PBO Net Income	5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		69,000
Medicare Cost Report																									-
Net Medicaid Assessment Program	264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		3,179,797
Total Other Income	270,733	-	270,733	-	270,733	-	270,733	-	270,733	-	270,733	-	270,733	-	620,733	-	637,733	-	620,733	-	620,733	-	1,820,733	-	6,215,797

Community First Healthcare of Illinois, Inc
Pro Forma Income Statement 2016

	Internal 01/31/16	%	Internal 02/29/16	%	Internal 03/31/16	%	Internal 04/30/16	%	Internal 05/31/16	%	Internal 06/30/16	%	Internal 07/31/16	%	Internal 08/31/16	%	Internal 09/30/16	%	Internal 10/31/16	%	Internal 11/30/16	%	Internal 12/31/16		Total 2016
Revenue	$ 10,578,821	100.0%	$ 10,701,063	100.0%	$ 10,823,457	100.0%	$ 10,946,006	100.0%	$ 11,068,711	100.0%	$ 11,191,574	100.0%	$ 11,314,598	100.0%	$ 11,437,784	100.0%	$ 11,561,134	100.0%	$ 11,684,650	100.0%	$ 11,808,335	100.0%	$ 11,932,190	100.0%	135,048,321
Cost of Goods Sold	$ 7,510,963	71.0%	$ 7,597,755	71.0%	$ 7,684,655	71.0%	$ 7,771,664	71.0%	$ 7,858,785	71.0%	$ 7,946,018	71.0%	$ 8,033,364	71.0%	$ 8,120,826	71.0%	$ 8,208,405	71.0%	$ 8,296,101	71.0%	$ 8,383,918	71.0%	$ 8,471,855	71.0%	95,884,308
Gross Profit	$ 3,067,858	29.0%	$ 3,103,308	29.0%	$ 3,138,803	29.0%	$ 3,174,342	29.0%	$ 3,209,926	29.0%	$ 3,245,557	29.0%	$ 3,281,233	29.0%	$ 3,316,957	29.0%	$ 3,352,729	29.0%	$ 3,388,548	29.0%	$ 3,424,417	29.0%	$ 3,460,335	29.0%	39,164,013
Operating Expenses	2,155,772	20.4%	2,155,772	20.1%	2,155,772	19.9%	2,155,772	19.7%	2,155,772	19.5%	2,155,772	19.3%	2,155,772	19.1%	2,155,772	18.8%	2,155,772	18.6%	2,155,772	18.4%	2,155,772	18.3%	2,155,772	18.1%	25,869,263
EBITDA	912,086	8.6%	947,536	8.9%	983,031	9.1%	1,018,570	9.3%	1,054,154	9.5%	1,089,785	9.7%	1,125,461	9.9%	1,161,185	10.2%	1,196,957	10.4%	1,232,777	10.6%	1,268,645	10.7%	1,304,563	10.9%	13,294,750
Depreciation / Amortization	246,323	2.3%	270,304	2.5%	270,477	2.5%	270,652	2.5%	270,827	2.4%	271,004	2.4%	294,991	2.6%	295,170	2.6%	295,351	2.6%	295,532	2.5%	295,715	2.5%	295,899	2.5%	3,372,245
EBIT	665,764	6.3%	677,232	6.3%	712,553	6.6%	747,918	6.8%	783,327	7.1%	818,781	7.3%	830,470	7.3%	866,015	7.6%	901,606	7.8%	937,245	8.0%	972,930	8.2%	1,008,665	8.5%	9,922,505
Interest Expense, net	(221,897)	-2.1%	(222,981)	-2.1%	(223,690)	-2.1%	(224,223)	-2.0%	(224,663)	-2.0%	(225,048)	-2.0%	(225,393)	-2.0%	(225,704)	-2.0%	(225,983)	-2.0%	(226,233)	-1.9%	(226,452)	-1.9%	(226,640)	-1.9%	(2,698,907)
Other Income (Expense)	570,733	5.4%	570,733	5.3%	570,733	5.3%	570,733	5.2%	570,733	5.2%	570,733	5.1%	570,733	5.0%	1,357,733	11.9%	570,733	4.9%	570,733	4.9%	570,733	4.8%	470,733	3.9%	7,535,797
Other Non-Operating		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	-
Income Taxes	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(20,000)	-0.2%	(240,000)
Net Income	$ 994,599	9.4%	$ 1,004,984	9.4%	$ 1,039,596	9.6%	$ 1,074,428	9.8%	$ 1,109,397	10.0%	$ 1,144,466	10.2%	$ 1,155,811	10.2%	$ 1,978,044	17.3%	$ 1,226,356	10.6%	$ 1,261,745	10.8%	$ 1,297,212	11.0%	$ 1,232,758	10.3%	14,519,396
Operating Expense Breakout:																									
Payroll	854,895	8.1%	854,895	8.0%	854,895	7.9%	854,895	7.8%	854,895	7.7%	854,895	7.6%	854,895	7.6%	854,895	7.5%	854,895	7.4%	854,895	7.3%	854,895	7.2%	854,895	7.2%	10,258,737
Professional Fees	873,714	8.3%	873,714	8.2%	873,714	8.1%	873,714	8.0%	873,714	7.9%	873,714	7.8%	873,714	7.7%	873,714	7.6%	873,714	7.6%	873,714	7.5%	873,714	7.4%	873,714	7.3%	10,484,573
Purchased Services	26,986	0.3%	26,986	0.3%	26,986	0.2%	26,986	0.2%	26,986	0.2%	26,986	0.2%	26,986	0.2%	26,986	0.2%	26,986	0.2%	26,986	0.2%	26,986	0.2%	26,986	0.2%	323,828
Repairs and Maintenance	50,000	0.5%	50,000	0.5%	50,000	0.5%	50,000	0.5%	50,000	0.5%	50,000	0.4%	50,000	0.4%	50,000	0.4%	50,000	0.4%	50,000	0.4%	50,000	0.4%	50,000	0.4%	600,000
Insurance	210,640	2.0%	210,640	2.0%	210,640	1.9%	210,640	1.9%	210,640	1.9%	210,640	1.9%	210,640	1.9%	210,640	1.8%	210,640	1.8%	210,640	1.8%	210,640	1.8%	210,640	1.8%	2,527,681
Other Expenses	74,537	0.7%	74,537	0.7%	74,537	0.7%	74,537	0.7%	74,537	0.7%	74,537	0.7%	74,537	0.7%	74,537	0.7%	74,537	0.6%	74,537	0.6%	74,537	0.6%	74,537	0.6%	894,444
Legal Expenses	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.6%	65,000	0.5%	780,000
Total Operating Expenses	$ 2,155,772	20.4%	$ 2,155,772	20.1%	$ 2,155,772	19.9%	$ 2,155,772	19.7%	$ 2,155,772	19.5%	$ 2,155,772	19.3%	$ 2,155,772	19.1%	$ 2,155,772	18.8%	$ 2,155,772	18.6%	$ 2,155,772	18.4%	$ 2,155,772	18.3%	$ 2,155,772	18.1%	25,869,263
Revenue																									
Gross Charges	10,578,821		10,701,063		10,823,457		10,946,006		11,068,711		11,191,574		11,314,598		11,437,784		11,561,134		11,684,650		11,808,335		11,932,190		135,048,321
Contractual Adjustments - Care/Caid					-																				-
Contractual Adjustments - Other					-																				-
Courtesy Discounts & Other																									-
Total Revenue Net	10,578,821	-	10,701,063	-	10,823,457	-	10,946,006	-	11,068,711	-	11,191,574	-	11,314,598	-	11,437,784	-	11,561,134	-	11,684,650	-	11,808,335	-	11,932,190	-	135,048,321
Other Income																									
DSH	300,000		300,000		300,000		300,000.00		300,000		300,000		300,000.00		300,000		300,000		300,000		300,000		200,000		3,500,000
Meaningful Use																									-
Fundraising																									-
PBO Net Income	5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		5,750		69,000
Medicare Cost Report															787,000										787,000
Net Medicaid Assessment Program	264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		264,983		3,179,797
Total Other Income	570,733	-	570,733	-	570,733	-	570,733	-	570,733	-	570,733	-	570,733	-	1,357,733	-	570,733	-	570,733	-	570,733	-	470,733	-	7,535,797

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ATTACHMENT 38

Community First Healthcare of Illinois, Inc

State of Illinois Covenant Compliance

Days Cash on Hand	Dec-15	Dec-16
1. Total Cash	30,844,329	40,910,439
2. Operating Expense - Depreciation	110,012,753	121,753,571
3. /365	301,404.80	333,571
Days of Cash on Hand	102.34	122.64
Minimum	75	75
In Compliance (Y/N)	Y	Y

Net Margin Percentages	Dec-15	Dec-16
Net Income	5,991,034	14,519,396
Net Operating Revenue	114,127,447	135,048,321
Net Income/Operating Revenue x 100	5.25%	10.75%
Minimum	5%	5%
In Compliance (Y/N)	Y	Y

Total Debt to Capitalization	Dec-15	Dec-16
1. Long Term Debt	38,075,740	37,059,997
2. Long Term Debt + Net Assets	103,802,550	117,790,459
Long Term Debt/ LTD + Net Assetsx100	37%	31%
Minimum	50%	50%
In Compliance (Y/N)	Y	Y

Cushion Ratio	Dec-15	Dec-16
1. Cash + Investments + Board Funds	30,844,329	40,910,439
2. Principal & Interest Payments	1,521,212	2,698,906.91
3.Line 1. Divided by Line 2.	20.28	15.16
4. Minimum Cushion Coverage	7.0	7.0
5. In Compliance (Y / N)	Y	Y

ATTACHMENT 38

Current Ratio	Dec-15	Dec-16
1. Current Assets	49,935,360	62,811,257
2. Current Liabilities	5,770,803	4,270,803
3. Current Assets/Current Liabilities	8.65	14.71
4. Minimum Current Ratio	2	2
5. In Compliance (Y/N)	Y	Y

Debt Service Coverage Ratio	Dec-15	Dec-16
1. Net Income + Dep+Inter+Amort	4,114,694	13,294,750
2. Borrower's Interest Expense	1,521,212	2,698,907
3. Ratio of Line 1 to Line 2:	2.70	4.93
4. Minimum Interest Coverage Ratio	2.5	2.5
5. In Compliance (Y / N)	Y	Y

Section X
Attachment 39
Economic Feasibility
Criterion 1120.140

Criterion 1120.140(a), Reasonableness of Financing Arrangements

Mr. Green's Affidavit in support of this Criterion is attached as **ATTACHMENT 39**.

Criterion 1120.140(b), Conditions of Debt Financing

Mr. Green's Affidavit in support of this Criterion is attached as **ATTACHMENT 39**.

Criterion 1120.140(c), Reasonableness of Project and Related Costs

This Project involves a change of ownership. Accordingly, this criterion is not applicable.

Criterion 1120.140(d), Projected Operating Expenses:

This Project involves a change of ownership. Accordingly, this criterion is not applicable.

Criterion 1120.140(e), Total Effect of the Project On Capital Costs (in years one and two)

2015

Capital Costs: $4,000,000

Emergency Department Visits (Projected): 47,000

Capital Costs per Emergency Department Visit (Projected): $85.10

2016

Capital Costs: $4,000,000

Emergency Department Visits (Projected): 47,800

Capital Costs per Emergency Department Visit (Projected): $83.68

Community First Healthcare of Illinois, Inc.

September 25, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Re: Criterion 1120.140(a), Reasonableness of Financing Arrangements Certification

Dear Ms. Avery and Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin. Code § 1120.140(a), to the following:

1. Community First Healthcare of Illinois, Inc. ("Community First") will fund the Transaction set forth in that certain Asset Purchase Agreement, dated September 16, 2014, between Community First and Presence Health Network and Presence Our Lady of the Resurrection Medical Center with the working capital on the balance sheet of Presence Our Lady Of Resurrection Medical Center on the effective date of the Transaction.

2. Community First has also secured a $15,000,000 revolving line of credit (the "Working Capital Loan") from Muneris Capital Group ("Muneris").

3. Community First escrowed $500,000 in cash with Chicago Title & Trust Company (Escrow Trust Number 201439080) on September 19, 2014, as an earnest money deposit for the Transaction.

4. Community First elected to establish the Working Capital Loan with Muneris in order to retain as much cash as possible and to maintain a current ratio of at least 2.0.

Sincerely,

Edward J. Green
Principal, Community First Healthcare of Illinois, Inc.

SUBSCRIBED AND SWORN
to before me this 27 day
of September, 2014.

Notary Public

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

Community First Healthcare of Illinois, Inc.

September 25, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Re: Criterion 1120.140(b), Conditions of Debt Financing Certification

Dear Ms. Avery and Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, and pursuant to 77 Ill. Admin. Code § 1120.140(b), to the following:

1. Community First Healthcare of Illinois, Inc. ("Community First") will fund the Transaction set forth in that certain Asset Purchase Agreement, dated September 16, 2014, between Community First and Presence Health Network and Presence Our Lady of the Resurrection Medical Center with the working capital on the balance sheet of Presence Our Lady Of Resurrection Medical Center on the effective date of the Transaction.

2. Community First has also secured a $15,000,000 revolving line of credit (the "Working Capital Loan") from Muneris Capital Group ("Muneris").

3. Community First escrowed $500,000 in cash with Chicago Title & Trust Company (Escrow Trust Number 201439080) on September 19, 2014, as an earnest money deposit for the Transaction.

4. The Working Capital Loan is the lowest net cost form of financing available to Community First for this Transaction.

Sincerely,

Edward J. Green
Principal, Community First Healthcare of Illinois, Inc.

SUBSCRIBED AND SWORN
to before me this 27 day
of September, 2014.

Notary Public

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

Section XI
Attachment 40
Safety Net Impact Statement

1. This Project involves a change of ownership. A change of ownership constitutes a non-substantive project. Accordingly, this criterion is not applicable. Nevertheless, for the sake of reference, the following chart summarizes the level of safety net services provided at the Hospital for the past 3 years:

Presence Our Lady of the Resurrection Medical Center Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**2011**	**2012**	**2013**
Inpatient	220	441	324
Outpatient	1,141	1465	1,886
Total	**1,361**	**1,906**	**2,210**
Charity (cost In dollars)			
Inpatient	$2,302,314	$4,165,843	$2,630,774
Outpatient	$1,158,219	$1,826,577	$1,762,892
Total	**$3,460,533**	**$5,992,421**	**$4,393,666**
MEDICAID			
Medicaid (# of patients)	**2011**	**2012**	**2013**
Inpatient	1,374	1,646	1,287
Outpatient	33,889	37,039	32,345
Total	35,263	38,685	33,632
Medicaid (revenue)			
Inpatient	$13,416,693	$9,824,357	$17,534,670
Outpatient	$4,727,748	$6,366,949	$3,926,837
Total	$18,144,441	$16,191,306	$21,461,507

2. As part of the Transaction, Community First has agreed to: (a) adopt the Hospital's current charity care policies and maintain these same charity care policies for no less than two years following the Transaction; and (b) maintain the same levels of service to Medicaid patients for no less than two years following the Transaction. Community First also intends to require its senior management staff to spend at least 3 hours per week in community outreach activities. This will enable Community First to focus on the needs of the communities currently served by the Hospital as outlined in the Hospital's 2013 Community Health Needs Assessment.

3. Thus, the proposed Transaction will have no impact on the safety net services of the other healthcare care providers in the Hospital's service area.

Section XII
Attachment 41
Charity Care Information

1. The following chart summarizes the level of charity care provided at the Hospital for the past 3 years:

Presence Our Lady of the Resurrection Medical Center Charity Care			
	2011	2012	2013
Net Patient Revenue	**$129,500,468**	**$122,168,834**	**$107,681,539**
Amount of Charity Care (charges)	$13,851,111	$30,741,720	$24,098,590
Cost of Charity Care	$3,460,533	$5,992,421	$4,393,666

Source: IDPH
Annual Hospital
Questionnaire

2. As part of the Transaction, Community First has agreed to: (a) adopt the Hospital's current charity care policies and maintain these same charity care policies for no less than two years following the Transaction; and (b) maintain the same levels of service to Medicaid patients for no less than two years following the Transaction. Community First also intends to require its senior management staff to spend at least 3 hours per week in community outreach activities. This will enable Community First to focus on the needs of the communities currently served by the Hospital as outlined in the Hospital's 2013 Community Health Needs Assessment.

3. A copy of the current charity policy for the Hospital is attached at **ATTACHMENT 41**.

4. Community First will adopt the Hospital's current charity care policies and maintain these same charity care policies for no less than two years following the Transaction. An affidavit from Mr. Green certifying that Community First will adopt the Hospital's current charity care policies and maintain these same charity care policies for no less than two years following the Transaction is attached at **ATTACHMENT 41**.

Presence Health

SYSTEM POLICY

Section: Finance

Policy #: PH-210-0002

Subject: Provision for Financial Assistance-Hospitals 2014

Executive Owner: Chief Financial Officer

Approval Date: 04/1/2012
Effective Date: **02/27/2014**
Last Review Date: 02/21/2014
Revised Date: 02/21/2014
Supersedes: 05/1/2013

I. POLICY STATEMENT

A. To promote the health and well-being of our communities, community residents with limited financial resources, and with no or insufficient insurance coverage shall be eligible for free or discounted hospital services as set forth in this Policy.

B. Adoption of this Policy reflects the commitment of Presence Health hospitals to assure that patients with limited financial means have access to needed hospital services in a fair and equitable basis.

C. This Policy is designed to be fully compliant with applicable law, including the Illinois Hospital Uninsured Patient Discount Act, the Illinois Fair Patient Billing Act, and Section 501 (r) of the Internal Revenue Code (instituted by the Patient Protection and Affordable Care Act). In many respects, this Policy exceeds such legal requirements, reflecting our commitment to assuring that the poor and underserved have access to needed heath care.

II. PURPOSE

This Policy sets forth the standards for providing Financial Assistance/Charity Care to hospital patients who lack ability to pay for medically necessary hospital services.

This Policy outlines the process and parameters for Presumptive Eligibility.

This Policy applies to hospital charges and not independent physicians or independent company billings.

III. MISSION / VALUES RATIONALE

Our Mission and Values call us to service those in need. Our hospitals have a long tradition of serving the poor and underserved members of our community. This Policy continues that tradition, while reflecting an appropriate stewardship of resources.

This Policy is one aspect of the many ways in which our hospitals promote the health care needs of the underserved. In addition to providing financial assistance in accordance with the Policy, each Presence Health hospital will continue to play a leadership role in identifying and responding to community health needs, in coordination and partnership with government and private organizations.

ATTACHMENT
41

IV. SPECIAL INSTRUCTIONS

This Policy is applicable to all Presence Health hospital ministries.

V. DEFINITIONS

A. **Automatic Uninsured Self-Pay Discount:** A discount of 40% of gross charges, provided to all uninsured patients without requiring evidence of inability to pay. This discount is designed to assure that patients are charged at a rate generally comparable to that applied to insured patients.

1. There is no application process for the patient to receive the uninsured discount. The discount is applied based on the account's self-pay/uninsured status.
2. Patients receiving pre-negotiated discounts (package pricing) for hospital services will not be eligible for this uninsured discount.
3. If a patient is subsequently approved for financial assistance/charity care the automatic uninsured discount will be reversed so that the full amount can be recognized as a charity allowance.

B. **Catastrophic Discount:** A discount provided when the patient responsibility portion specific to medical care at Presence Health Hospitals, even after payment by third-party payers, exceeds a designated percentage of the patient's family annual gross income.

C. **Charity Care:** Term often used to refer to the value (at cost) of free or discounted health care services provided to individuals who have been determined eligible for financial assistance based on financial need.

D. **Episode of Care:** A monthly 30-day recurring account will qualify as an episode of care. Recurring accounts are created for patients receiving same type services on periodic basis. Examples of services provided on a periodic basis are physical therapy, occupational therapy, speech therapy, oncology services, laboratory services, etc.

E. **Exempt Assets:** The following assets are considered "Exempt Assets" for purposes of this Policy, such that the value of such assets will not considered in determining a patient's ability to pay or financial need: the patient's primary residence; personal property exempt from judgment under Section 12-1001 of the Code of Civil Procedure; or any amounts held in pension or retirement plan (however, distribution and payments from pension or retirement plans will be included as income).

F. **Family:** The patient, his/her spouse (including a legal common law spouse) and his/her legal dependents according to the Internal Revenue Service rules. For example, if the patient claims someone as a dependent on his/her income tax return, they may be considered a dependent for purposes of the provision of financial assistance.

G. **Family Income:** The sum of a family's gross annual earnings and cash benefits from all sources before taxes, less payment made for child support. Sources of income include but are not limited to: Gross wages, salaries, dividends, interest, Social Security benefits, workers compensation, training stipends, regular support from family members not living in the household, government pensions, private pensions, insurance and annuity payments, income from rents, royalties, estates and trusts.

ATTACHMENT 41

H. **Financial Assistance Committee**: A team of hospital leaders that meets monthly to review data relating to financial assistance applications and determinations. The committee will consist of the hospital Chief Executive Officer, Chief Financial Officer, VP Mission Services, Revenue Integrity Director (or designee), Director of Case/Care Management, Patient Financial Counselor, or a similar mix of responsible hospital leaders.

I. **Financial Assistance Guidelines and Eligibility Criteria**

1. General. The Financial Assistance Guidelines and Eligibility Criteria below are designed to assure that patients with financial need are charged at a rate substantially less than insured patients, including the opportunity to receive 100% free care. The table below is used to determine the financial assistance discounts by tier for uninsured patients.

Eligibility Criteria		
Percentage of Poverty Guidelines	**Discount Percentage**	**Annual Max Catastrophic Discount***
Up to 200%	100%	n/a
201 - 300%	90%	15%
301 - 400%	80%	15%
401 - 600%	75%	15%
Over 600%	Determined on an exception basis	Determined on an exception basis

*Please see II Procedure; B. Determination of Eligibility, 3. Application of Catastrophic Discount

2. Annual Updates of Criteria Levels. The Federal Poverty Guideline calculations will also be updated annually in conjunction with the published updates by the United States Department of Health and Human Services. The Eligibility Criteria discount percentage will be updated annually based on the calculation set forth by the Illinois Uninsured Patient Discount Act and Section 501(r) of the Internal Revenue Code (instituted by the Patient Protection and Affordable Care Act).

3. Pre-negotiated Rates. Patients receiving pre-negotiated discounts (package pricing) for hospital services will not be eligible for financial assistance.

4. Financial Assistance to Certain Crime Victims. Individuals who are deemed eligible by the State of Illinois to receive assistance under the Violent Crime Victims Compensation Act or the Sexual Assault Victims Compensation Act shall first be evaluated for eligibility for financial assistance based on the Financial Assistance Guidelines and Eligibility Criteria. Applications for reimbursement under such Crime Victims Funds will be made only to the extent of any remaining patient liability after the financial assistance eligibility determination is made.

ATTACHMENT
41

5. Financial Assistance for Insured Patients. Financial assistance/charity care in the form of 100% discounts (free care) is available for patient-liability amounts remaining after insurance payments, for insured patients who are Illinois residents with family gross income less than 200% of the Federal Poverty guidelines and after satisfying related co-payments/coinsurances up to $300 per episode of care.

6. Financial Assistance for Students. Financial Assistance/Charity care for students with income of 200% or less of the Federal Poverty Level will be eligible for a 100% reduction from charges (i.e., full charity write-off).

J. **Illinois resident:** A person who currently lives in Illinois and who intends to remain living in Illinois indefinitely. Relocation to Illinois for the sole purpose of receiving health care benefits does not satisfy the residency requirement. Acceptable verification of Illinois residency shall include any one (1) of the following:

1. Any of the documents listed in Paragraph (K);
2. A valid state-issued identification card or driver's license;
3. A recent residential utility bill;
4. A lease agreement (for housing);
5. A vehicle registration card;
6. A voter registration card;
7. Mail addressed to the uninsured patient at an Illinois address from a government or other credible source;
8. A statement from a family member of the uninsured patient who resides at the same address and presents verification of residency; or
9. A letter from a homeless shelter, transitional house or other similar facility verifying that the uninsured patient resides at the facility.

K. **Income Documentation:** Acceptable family income documentation shall include any one (1) of the following:

1. A copy of the most recent tax return;
2. A copy of the most recent W-2 form and 1099 forms, or similar forms issued to members of partnerships, limited liability companies or other entities;
3. Copies of the two (2) most recent pay stubs;
4. Written income verification from an employer if paid in cash; or
5. One (1) other reasonable form of third party income verification deemed acceptable to the hospital.

L. **Medically Necessary Service:** Any inpatient or outpatient hospital service, including pharmaceuticals or supplies provided by a hospital to a patient, covered under Title XVIII of the federal Social Security Act for beneficiaries with the same clinical presentation as the uninsured patient. A "medically necessary" service does not include any of the following: (1) non-medical services such as social and vocational services; or (2) elective cosmetic surgery, but not plastic surgery designed to correct disfigurement caused by injury, illness or congenital defect or deformity.

M. **Presumptive Financial Assistance/Charity Care Eligibility:** Presumptive eligibility for financial assistance/charity care for uninsured patients will be determined on the basis of certain factors that indicate financial need as set forth in Section VI.D below. When such factors are present, a patient is deemed to have family income of 200% or less of the Federal Poverty Level, and therefore eligible for a 100% reduction from charges (i.e., full charity write-off). Patients will receive a minimum of one statement to provide a summary of services and account information.

N. **Uninsured Patient:**

1. A patient of a hospital who is not covered under any commercial health insurance Policy (including third party liability coverage) and is not a beneficiary or eligible to be covered by any governmental or other coverage program, including Medicare, Medicaid, TriCare, high deductible insurance, or other coverage arrangements.
2. If an insured patient's coverage is exhausted, or the patient's insurance does not cover the Medically Necessary hospital service provided to the patient, the patient will be considered uninsured for purposes of financial assistance and the uninsured discount will also apply to these cases.

VI. PROCEDURE

A. **Identification of Potentially Eligible Patients**

1. Prior to Admission. When possible prior to the admission or pre-registration of the patient, the hospital will conduct an appropriate pre-admission/pre-registration interview with the patient, the guarantor, and/or his/her legal representative. If a pre-admission/pre-registration interview is not possible, this interview should be conducted upon admission or registration or as soon as possible thereafter. In case of patients who have come to the hospital's Emergency Department, the hospital's evaluation of payment ability should not take place until an appropriate medical screening has been provided, and in the case of patients determined to have an emergency medical condition, until after such condition has been stabilized.

2. Patient Interview. At the time of the initial patient interview, the following information should be gathered: (a) Routine and comprehensive demographic data and employment information: (b) Complete information regarding all existing third party insurance coverage.

3. Patients Potentially Eligible for Public Programs. Patients who are identified as potentially eligible for healthcare coverage from a governmental program or other source will be referred to a Financial Counselor and expected to cooperate with efforts to determine their eligibility for coverage (e.g. Medicaid), prior to consideration for financial assistance. Such coverage eligibility efforts will be made at the hospital's expense, and will promote such public Policy goals by assuring eligible patients are covered by available health coverage programs.

4. Timing of Financial Assistance/Charity Care Application. A patient may apply for financial assistance at any time during the billing and collection process.

B. **Determination of Eligibility**

1. Provision of Financial Assistance Applications. All patients identified as uninsured will be provided a Financial Assistance application prior to discharge or at point of service (for outpatient services) and offered the opportunity to apply for financial assistance. If uninsured status is not determined until after the patient leaves the hospital, a Patient Financial Services representative will mail a financial assistance application to the uninsured patient upon request.

2. Expectations of Patient Cooperation. It is expected that patients will cooperate with the information gathering and assessment process in order to determine eligibility for financial assistance.

3. Application of Catastrophic Discount. The Catastrophic Discount will be available to patients who have medical expenses over a 12 month period for Medically Necessary Services from a Presence Health hospital that exceed 15% of the patient's family annual gross income, even after payment by third-party payers. Any patient responsibility in excess of the 15% will be written off to charity. Services that are not Medically Necessary will not be eligible for this discount.

4. Non-Illinois/Service Area Residents. Patients who are residents (using the verification standards applicable to Illinois residents specified above) of and adjacent state who reside in an area of such state that falls within a hospital's primary service area will not need to be reviewed by the hospital's Financial Assistance Committee. All other non-IL resident applications will be reviewed by the ministry Financial Assistance Committee.

5. Financial Assistance Committee Reviews of Special Circumstances. The Financial Assistance Committee will review patient accounts identified by a Financial Counselor that involve unique circumstances affecting financial need beyond the standard eligibility criteria.

   a. The Committee may recommend to the System Chief Revenue Cycle Officer or his/her designee, specific exceptions to this Policy based on unusual or uncommon circumstances relating to financial need. All exception decisions must have the rationale clearly and formally documented by the Committee and maintained in the account file and must be made consistently across the System.

   b. Special circumstances approvals of financial assistance for any person affiliated with the Hospital or System, such as employees, medical staff, board members, etc. or family member of such person, shall be subject to the approval of the Chief Legal Officer for Presence Health.

6. Assets Consideration. Assets will be used in the determination of the maximum collectible amount in a 12-month period. Assets will not be used for initial financial assistance eligibility, except to the extent of assets, other than Exempt Assets, that indicate the existence of unreported additional sources of income. (Patient may be excluded if patient has substantial assets, other than Exempt Assets defined as having a value in excess of 600% Federal Poverty Level). Distributions and payments from pension or retirement plans may be included as income.

    a. Acceptable documentation of assets include:

        i. Statements from financial institutions or some other third party verification of an asset's value.
        ii. If no other third party exists the patient shall certify as to the estimated value of the asset.

7. Approval Authorities. The Business Office Financial Counselor may approve financial assistance for amounts up to $25,000. The System Financial Assistance Manager may approve amounts greater than $25,000 but lower than $100,000. Amounts greater than $100,000 will be approved by the hospital's CFO. Approval amounts must be in compliance with the Financial Assistance/Charity Care eligibility criteria.

C. **Notification of Eligibility Determination**

1. Normal Processing Period. Clear expectations as to the length of time required to review the application and provide a decision to the patient should be provided at the time of application. A prompt turn-around and written decision, providing a reason(s) for denial (if appropriate) will be provided, generally within 45 days of the hospital's receipt of completed application. Patients will be notified in the denial letter that they may appeal this decision and will be provided contact information to do so.

2. Patient Right to Appeal. If a patient disagrees with the Financial Assistance eligibility determination, including regarding the extent of discount for which a patient is eligible, the patient may appeal in writing within 45 days of the denial. The Ministry's Chief Financial Officer will review the appeal, and make a recommendation to the Financial Assistance Committee. Decisions reached will normally be communicated to the patient within 60 days, and reflect the Committee's final review. During the appeal process collection activity will be suspended.

3. Suspension of Collection Activities Pending Eligibility Determination. Collection activity will be suspended during the consideration of a completed financial assistance application or an application for any governmental or other available healthcare coverage (i.e. Medicare, or Medicaid, etc.). A note will be entered into the patient's account to suspend collection activity until the financial assistance process is completed. If the account has been placed with a collection agency, the agency will be notified by telephone to suspend collection efforts until a determination is made. This notification will be documented in the account notes.

The patient will also be notified verbally that the collection activity will be suspended during consideration.

4. Other Determinations of Financial Need Based on Objective Data. When a patient has not completed a financial assistance application but there is adequate objective information (family income and family size), to support a determination of the patient's likely inability to pay, the patient's case will be submitted for review to the Ministry's CFO, who will make a recommendation to the Financial Assistance Committee. If approved for assistance, a 100% write off to financial assistance/charity care will be granted for all open accounts. Eligibility for financial assistance discounts for future dates of service will be determined at the dates such services are provided.

5. Refunding Patient Payments. Refunds will be given for payments made on current financial assistance eligible accounts (defined as open accounts on the accounts receivable but not bad debt).

6. Change in Status Notifications. If the patient with an outstanding bill or payment obligation has a change in his/her financial status, the patient should promptly notify the Central Billing Office (CBO) or hospital designee. The patient may request a reevaluation and apply for financial assistance or a change in their payment plan terms.

7. Payment Arrangements. After the financial assistance/charity care discount has been applied, any remaining patient balances will eligible for payment arrangements in accordance with Patient Financial Services policies. If a patient is unable to meet the payment arrangement guidelines due to special patient or family circumstances limiting the patient's payment ability, the Financial Counselor or similar representative may review and recommend additional financial assistance/charity care to the Ministry Financial Assistance Committee for the Committee's review and recommendation.

8. Application of Financial Assistance Discounts to Patient Accounts. Once a financial assistance eligibility determination is made, the applicable discount will be applied to all of the patient's open (defined as open accounts on the accounts receivable) or bad debt accounts for services prior to the approval date. For subsequent applications made within six (6) months of an eligibility determination, patients may be asked to verify information that was provided during the initial application process.

D. **Presumptive Financial Need/Charity Care Eligibility**

1. Criteria. Presumptive Eligibility for uninsured patients may be determined on the basis of the presence of any of the factors listed below, which indicate financial need. In such situations, a patient is deemed to have a family income of 200% or less of the Federal Poverty Level, and therefore eligible for a 100% reduction from medically necessary hospital charges.
    a. Patient is homeless, and such status is determined to be accurate after appropriate review of available facts.

b. Patient is deceased with no estate.
c. Patient is mentally or physically incapacitated and has no one to act on his/her behalf.
d. Patient is eligible for Medicaid, but was not on a prior date of service or for a non-covered service.
e. Enrollment in Women, Infants and Children Nutrition Program (WIC).
f. Enrollment in Supplemental Nutrition Assistance Program (SNAP) or Food Stamp Eligibility (LINK).
g. Enrollment in Illinois Free Lunch and Breakfast Program (eligible for free and reduced price school meals).
h. Enrollment in Low Income Home Energy Assistance Program (LIHEAP) (added per OAG requirement).
i. Enrollment in an organized community-based program or providing access to medical care that assesses and documents limited low-income financial status as criteria (Added per OAG requirement).
j. Patient receives or qualifies for free care from a community clinic affiliated with the hospital or known to have eligibility standards substantially equivalent to that of the hospital under this Policy, and the community clinic refers the patient to the hospital for treatment or for a procedure.
k. Receipt of grant assistance for medical services.
l. Participation in state-funded prescription programs.
m. Enrollment in Illinois Housing Development Authority's Rental Housing Support Program.
n. Evidence from an independent third-party reporting agency that indicates family income is 200% or less than the Federal Poverty Level for the applicable family size.

2. Identification. At the time of registration, all uninsured and self-pay patients as well as patients noting financial assistance will be screened for Presumptive Eligibility for Medicaid, using Electronic Information Technology where possible and appropriate and/or the completion of a Presumptive Eligibility worksheet. Patients do not need to complete a financial assistance application when they provide sufficient evidence that they meet Presumptive Eligibility criteria. Uninsured and self-pay patients may provide evidence of Presumptive Eligibility at any time, before or after receipt of hospital services.

3. Verification. It is the responsibility of the patient to provide any additional required supporting documentation to confirm Presumptive Eligibility determination. Patients will receive a minimum of one communication to provide any needed verifying documents.

4. Assistance with Medicaid Application. Patients meeting Presumptive Medical Eligibility criteria will be provided with assistance in applying for Medicaid via the IL ABE System (Applicant Benefit for Enrolling System). Outcome of the Medicaid application will not affect the financial assistance granted to a Presumptively Eligible patient.

5. No bill may be issued. If Presumptive Eligibility criteria are claimed, no bill will be issued to an uninsured patient until 30 days after a reasonable attempt is made to obtain outstanding verifying documents.

6. Newly eligible individuals. If a patient is currently eligible for Medicaid, but was not eligible on a prior date of service, Presence Health will rely on the financial assistance determination process from Medicaid and apply a 100% discount for such prior service.

E. **Collection Practices**

1. Pre-Litigation Review. Prior to an account being authorized for the filing of suit for non-payment of a patient bill, a final review of the account will be conducted and approved by the Financial Counseling Representative (or designee) to make sure that no application of financial assistance was ever received and that there exists objective evidence that the patient does have sufficient financial means to pay all or part of his/her bill. Prior to a collections suit being filed, the Self-pay Collections Director must review and approve.

2. Residential Liens. No hospital will place a lien on the primary residence of a patient who has been determined to be eligible for Financial Assistance/Charity Care, for payment of the patient's undiscounted balance due. Further, in no case will any hospital execute a lien by forcing the sale or foreclosure of the primary residence of any patient to pay for any outstanding medical bill.

3. No Use of Body Attachments. No hospital will use body attachment to require any person, whether receiving Financial Assistance/Charity Care discounts or not, to appear in court.

4. Collection Agency Referrals. Each hospital Finance accounting will ensure that all collection agencies used to collect patient bills promptly refer any patient who indicates financial need, or otherwise appears to qualify for Financial Assistance/Charity Care discounts, to a financial counselor to determine if the patient is eligible for such a charitable discount.

F. **Patient Awareness of Policy and Availability of Assistance**

1. Signage. Signs, placards or similar written notices regarding the availability of Financial Assistance Charity Care will be visible in all hospitals at points of registration and other patient intake areas, to create awareness of the Financial Assistance program. At a minimum, signage will be posted in the emergency department, and the admission/patient registration area. All public information and/or forms regarding the provision of Financial Assistance will use languages that are appropriate for the Ministry's service area in accordance with the state's Language Assistance Services Act. This Policy will be translated to and made available in Spanish and other languages appropriate for each hospital.

2. Hospital Bill/Invoice. Patient bills, invoices or other summary of charges shall include a prominent statement that patients who meets certain income requirements may qualify for financial assistance and information regarding how a patient may apply for consideration under the hospital's financial assistance Policy.

3. Policy Availability. Upon request, any member of the public or state governmental body will be provided with a copy of this Financial Assistance/Charity Care Policy. A summary of the financial assistance is available pursuant to this Policy and will be available on the Presence Health website.

4. Application Forms. Forms used to determine a patient's eligibility for financial assistance will be made available at each hospital, ministry, and provided at registration to all patients who are identified as uninsured or at other appropriate times or locations if the patient's uninsured status is determined after registration.

G. **Monitoring and Reporting**

1. Maintenance of Financial Assistance/Charity Care A financial assistance database from which periodic reports can be developed shall be maintained. Maintenance of this data will be maintained for ten (10) years. At a minimum, data maintained will include:
   a. Account number
   b. Date of Service
   c. Application submitted
   d. Application complete/incomplete
   e. Total charges
   f. Self-pay balances
   g. Approval status (approved/denied)
   h. Type of approval (Financial Assistance/Presumptive Eligibility)
   i. Amount of Financial Assistance approved
   j. Date financial assistance was approved or rejected

2. Review of Financial Assistance/Charity Care Logs. The Financial Assistance log for each hospital will be printed monthly for review at the hospital Financial Assistance Committee meeting.

3. Financial Assistance Authorization Record Retention. A record, paper or electronic, should be maintained reflecting authorization of financial assistance. These documents shall be kept for a period of ten (10) years.

4. Annual Reports to Governmental Bodies. The cost of financial assistance will be reported annually in the Community Benefit Report to the Community, IRS 990 schedule H and in compliance with the IL Community Benefit Act. Charity Care will be reported as the cost of care provided (not charges) using the documented criteria for the reporting requirements. Required financial assistance statistics will also be submitted as part of the IL Community Benefit Act.

5. Presence Health Board of Directors Approval. The Provision for Financial Assistance – Hospital Policy is a board-approved policy. The Board of Directors has delegated to the Presence Health President/CEO the authority to make, from time to time, and upon the recommendation of the Presence Health Chief Financial Officer and Chief Legal Officer: (1) minor non-substantive clarifications or other revisions, or (2) revisions necessary to comply with new laws, regulations or other requirements, in both cases. All revisions to this policy will be subsequently provided to the Board of Directors for review and ratification.

VII. FORMS AND OTHER DOCUMENTS

Eligibility Criteria for the Financial Assistance Program – Attachment #1
Hospital Financial Assistance Program Cover Letter and Application – Attachment #2 (separate Attachment from the policy.
Room and Board Statement – Attachment # 3

VIII. REFERENCES

Section 12-1001 Illinois Code of Civil Procedure
Title XVIII Federal Social Security Act
Illinois Uninsured Patient Discount Act
Illinois Fair Patient Billing Act
Illinois Violent Crime Victims Compensation Act
Illinois Sexual Crime Victims Compensation Act
Women's, Infant, Children Program (WIC)
IL Community Benefit Act
Internal Revenue Service (IRS) 990 Schedule H
Section 501(r) of the Internal Revenue Code (instituted by the Patient Protection and Affordable Care Act)
Ethical and Religious Directives for Catholic Health Services, Part 1
System Policy – Payment Arrangement

Presence Health

ELIGIBILITY CRITERIA
FINANCIAL ASSISTANCE PROGRAM

The table below is based upon 2014 Federal Poverty Guidelines (FPG).

Family Size	2014 Federal Poverty Guidelines	200%	600%
1	$11,670	$23,340	$70,020
2	$15,730	$31,460	$94,380
3	$19,790	$39,580	$118,740
4	$23,850	$47,700	$143,100
5	$27,910	$55,820	$167,460
6	$31,970	$63,940	$191,820
7	$36,030	$72,060	$216,180
8	$40,090	$80,180	$240,540
9	$44,150	$88,300	$264,900
10	$48,210	$96,420	$289,260

CALCULATION PROCESS
The matrix below is to be utilized for determining the level of assistance for patients who are uninsured.

1. Patients who are uninsured **and at or below the** 200% FPG guideline will receive a full write-off of charges.
2. For uninsured patients who **exceed the 200% FPG guideline, but have income less than the 600% FPG** guideline, a sliding scale will be used to determine the percent reduction of charges that will apply. The matrix for the discount provided is noted below.
3. Patients who are **insured and at or below the 200%** FPG guideline must first satisfy any related copayments or coinsurance up to $300 per episode of care prior to being eligible for a full write-off of charges.

Eligibility Criteria		
Percentage of Poverty Guidelines	**Discount Percentage**	**Catastrophic Cap**
Up to 200%	**100%**	n/a
201 - 300%	90%	15%
301 - 400%	80%	15%
401 - 600%	75%	15%
Over 600%	Determined on an exception basis	Determined on an exception basis

Presence Health

Room and Board Statement

_____
Patient Name: (Print)

The person named above has advised us that you either contribute substantially to their support or you are their sole means of support.

The type of support I / we provide is: (please complete all that apply)

_____ Room and Board, since (date) _____

_____ Allowance of $ _____

_____ Every week
_____ Every two (2) weeks
_____ Every month

_____ Other (please explain)

_____

_____

I / We, (print) _____ have been the sole/substantial support for the person named above and, to the best of my / our knowledge, declare that this person has no other primary means of support. I/We will continue to provide room and board, but will not be responsible for medical expenses incurred.

_____ Signature 1	_____ Signature 2
_____ Relationship to Patient	_____ Relationship to Patient
_____ Address, Street	_____ City, State Zip
_____ Telephone	_____ Date

Community First Healthcare of Illinois, Inc.

September 25, 2014

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Mr. Michael Constantino
Supervisor, Project Review Section
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001

Re: Charity Care Certification

Dear Ms. Avery and Mr. Constantino:

I hereby certify, under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, that Community First Healthcare of Illinois, Inc. (the "Purchaser") shall not cause Our Lady of the Resurrection Medical Center (the "Hospital") to adopt more restrictive charity care policies at the Hospital following the proposed transaction between the Purchaser and Presence Health Network and Presence Our Lady of the Resurrection Medical Center, and for no less than two years thereafter.

Sincerely,

Edward J. Green
Principal
Community First Healthcare of Illinois, Inc.

SUBSCRIBED AND SWORN
to before me this 27 day
of September, 2014.

Notary Public

OFFICIAL SEAL
SHARON A. CARRARA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 07-06-2017

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

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21	Comprehensive Physical Rehabilitation	N/A
22	Acute Mental Illness	N/A
23	Neonatal Intensive Care	N/A
24	Open Heart Surgery	N/A
25	Cardiac Catheterization	N/A
26	In-Center Hemodialysis	N/A
27	Non-Hospital Based Ambulatory Surgery	N/A
28	Selected Organ Transplantation	N/A
29	Kidney Transplantation	N/A
30	Subacute Care Hospital Model	N/A
31	Children's Community-Based Health Care Center	N/A
32	Community-Based Residential Rehabilitation Center	N/A
33	Long Term Acute Care Hospital	N/A
34	Clinical Service Areas Other than Categories of Service	N/A
35	Freestanding Emergency Center Medical Services	N/A
	Financial and Economic Feasibility:	
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37	Financial Waiver	N/A
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