

ORIGINAL

E-019-13

ILLINOIS HEALTH FACILITIES PLANNING BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

RECEIVED

JUL 12 2013

1. INFORMATION FOR EXISTING FACILITY

HEALTH FACILITIES & SERVICES REVIEW BOARD

Current Facility Name Delnor Medical Office Building
Address 351 Delnor Drive
City Geneva, IL Zip Code 60134 County Kane
Name of current licensed entity for the facility not applicable
Does the current licensee: own this facility n/a OR lease this facility n/a (if leased, check if sublease)
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
X Limited Liability Company Other, specify
Illinois State Senator for the district where the facility is located: Sen. Jim Oberweis
State Senate District Number 25 Mailing address of the State Senator
959 Oak Street North Aurora, IL 60542
Illinois State Representative for the district where the facility is located: Rep. Kay Hatcher
State Representative District Number 50 Mailing address of the State Representative
608 E. Veterans Parkway Yorkville, IL 60560

2. OUTSTANDING PERMITS. Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes No. If yes, refer to Section 1130.520(f), and indicate the projects by Project # not applicable

3. FACILITY'S BED OR DIALYSIS STATION CAPACITY BY CATEGORY OF SERVICE (Complete "APPENDIX A" attached to this application) not applicable

4. FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100 (Complete "APPENDIX A" attached to this application) not applicable

5. Exact Legal Name of Applicant CDH-Delnor Health System
Address 25 North Winfield Road
City, State & Zip Code Winfield, IL 60190
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
X Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

6. NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.

Exact Legal Name of Entity to be Licensed not applicable
Address
City, State & Zip Code
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

6. BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

Exact Legal Name of Entity That Will Own the Site Delnor Community Hospital
Address 300 Randall Road
City, State & Zip Code Geneva, IL 60134 Type
of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
X Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

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7. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes No . If yes, refer to Section 1130.520(f), and indicate the projects by Project # not applicable

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9. **FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100** (Complete "APPENDIX A" attached to this application) not applicable

10. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant H C Geneva Partners, I, LLC
Address 18000 W. Sarah Lane
City, State & Zip Code Brookfield, WI 53045
Type of ownership of the current licensed entity (check one of the following:) not applicable Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

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Exact Legal Name of Entity to be Licensed not applicable
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Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
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Exact Legal Name of Entity That Will Own the Site Delnor Community Hospital
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City, State & Zip Code Geneva, IL 60134 Type
of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

8. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

- Purchase resulting in the issuance of a license to an entity different from current licensee;
- Lease resulting in the issuance of a license to an entity different from current licensee;
- Stock transfer resulting in the issuance of a license to a different entity from current licensee;
- Stock transfer resulting in no change from current licensee;
- Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
- Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
- Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
- Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
- Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
- Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
- Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

9. **APPLICATION FEE.** Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1.**

10. **FUNDING.** Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2.**

11. **ANTICIPATED ACQUISITION PRICE:** \$ 22,920,000 (please see Attachment 3)

12. **FAIR MARKET VALUE OF THE FACILITY:** \$22,900,000 _____
(to determine fair market value, refer to 77 IAC 1130.140)

13. **DATE OF PROPOSED TRANSACTION:** September 30, 2013

14. **NARRATIVE DESCRIPTION.** Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3.**

15. **BACKGROUND OF APPLICANT** (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Partnerships must provide the name and address of each partner and specify whether each is a general or limited partner. Append this information to the application as **ATTACHMENT #4.**

16. **TRANSACTION DOCUMENTS.** Provide a copy of the document(s) which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities Planning Board. Append this document(s) to the application as **ATTACHMENT #5.**

17. **FINANCIAL INFORMATION** (co-applicants must also provide this information). Per 77 IAC 1130.520(b)(3), an applicant must demonstrate it has sufficient funds to finance the acquisition **and** to operate the facility for 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch, Moody or Standard and Poor's rating agencies or evidence of compliance with the financial viability review criteria (as applicable) to the type of facility being acquired (as specified at 77 IAC 1120). Append as **ATTACHMENT #6.**

18. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: Mr. John Yep, Director of Business Development Cadence Health
Address: 27W353 Jewell Road
City, State & Zip Code: Winfield, IL 60190
Telephone (630) 933-2000

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: _____ Honey Jacobs Skinner _____
Address: _____ c/o Sidley Austin 2 South Dearborn _____
City, State & Zip Code: _____ Chicago, IL 60603 _____
Telephone _____ 312/857-7577 _____

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: _____ Jacob M. Axel _____
Address: _____ c/o Axel & Associates, Inc. 675 North Court Suite 210 _____
City, State & Zip Code: _____ Palatine, IL 60067 _____
Telephone _____ 847/776-7101 _____

CERTIFICATION

CDH-Delnor Health System

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer



Typed or Printed Name of Authorized Officer John Orsini

Title of Authorized Officer: Executive Vice President and CFO

Address: 25 N Winfield Road

City, State & Zip Code: Winfield, IL 60190

Telephone (630-933-3553)

Date: 7/9/13

NOTE: complete a separate signature page for each co-applicant and insert following this page.

CERTIFICATION

HC Geneva Partners I, LLC

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer _____

Typed or Printed Name of Authorized Officer: Todd W. Kibler

Title of Authorized Officer: Secretary

Address: 18000 West Sarah Lane, Suite 250

City, State & Zip Code: Brookfield, Wisconsin 53045

Telephone: (262) 792-5900 Date: July 10, 2013

NOTE: complete a separate signature page for each co-applicant and insert following this page.

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: _____ please see following page

Address: _____

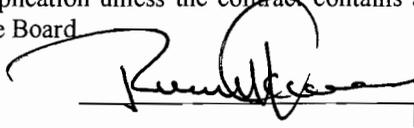
City, State & Zip Code: _____

Telephone _____

CERTIFICATION Delnor Community Hospital

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board

Signature of Authorized Officer



Typed or Printed Name of Authorized Officer: Robert Friedberg

Title of Authorized Officer: President – Delnor Community Hospital

Address: 300 Randall Rd.

City, State & Zip Code: Geneva, IL 60134

Telephone 630-933-5521

Date: 6-17-18

NOTE: complete a separate signature page for each co-applicant and insert following this page.



FUNDING

The acquisition will be funded through Delnor Community Hospital's assumption of \$14,256,000 of debt, currently the responsibility of H C Geneva Partners, I, LLC; and \$8,244,000 in cash.

NARRATIVE DESCRIPTION

Delnor Community Hospital, a member of Cadence Health, is acquiring a medical office building ("MOB") located on the campus of Delnor Hospital, in Geneva, Illinois. The MOB was established consistent with Certificate of Need Permit #03-079, and the CON Permit holders are H C Geneva Partners I, LLC and Delnor Community Hospital. The MOB is owned jointly by H C Geneva Partners I, LLC, which is a subsidiary of Hammes Company, and Delnor Community Hospital. H C Geneva Partners I, LLC has an 80% ownership share in the building, with the hospital owning the remaining 20%. This Certificate of Exemption application addresses the acquisition of the 80% interest currently held by H C Geneva Partners I, LLC, representing 80,890 square feet.

The MOB consists of approximately 103,500 square feet, the vast majority of which is medical office space. A portion of the building houses a variety of "clinical" services, including pain management, mammography, and cardiac rehabilitation. No IDPH-designated "categories of service" are located in the MOB. During FY 2012 approximately 10,400 patient encounters were provided through the cardiac rehabilitation program, over 13,000 mammographies were performed, and over 1,000 patients were seen in the pain management center.

The transaction (please see Attachment 5) will involve the assumption of \$14,256,000 of outstanding debt held by H C Geneva Partners I, LLC, and a cash payment of \$8,244,000 to H C Geneva Partners I, LLC. An additional \$420,000 in fees related to the transaction (to be addressed through cash) resulting in a "project cost" of \$22,920,000.

Approval of the proposed transaction by the Illinois Health Facilities and Services Review Board is required because the "project cost" exceeds the capital expenditure threshold. A Certificate of Exemption is being requested by virtue of Cadence Health's current "AA" bond rating.

TRANSACTION AND
CLOSING-RELATED COSTS

debt assumption fee	\$	142,560
legal	\$	90,000
IDPH approval process	\$	47,500
real estate consulting	\$	80,000
appraisal & inspection	\$	9,000
closing related costs	\$	20,200
transfer tax	\$	13,500
other/misc.	\$	<u>17,240</u>
	\$	420,000



To all to whom these Presents Shall Come, Greeting:

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

CDH-DELNOR HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 03, 1980, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, 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 16TH day of JULY A.D. 2012

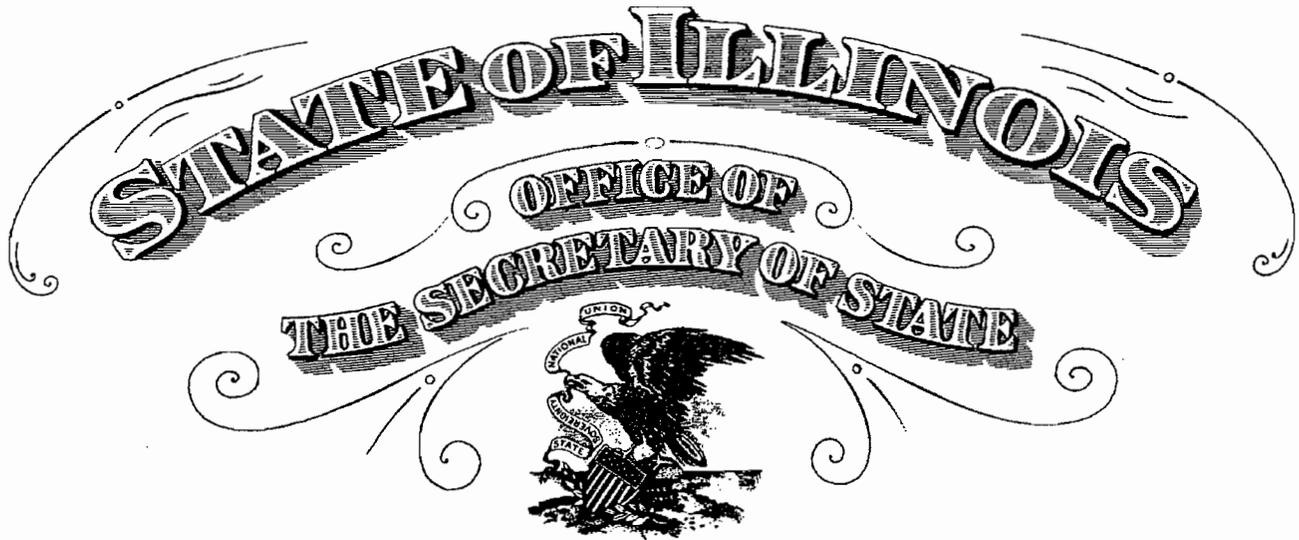


Jesse White

SECRETARY OF STATE

Authentication #: 1219801816
Authenticate at: <http://www.cyberdriveillinois.com>

ATTACHMENT 4



To all to whom these Presents Shall Come, Greeting:

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

HC GENEVA PARTNERS I, LLC, A WISCONSIN LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON OCTOBER 02, 2003, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



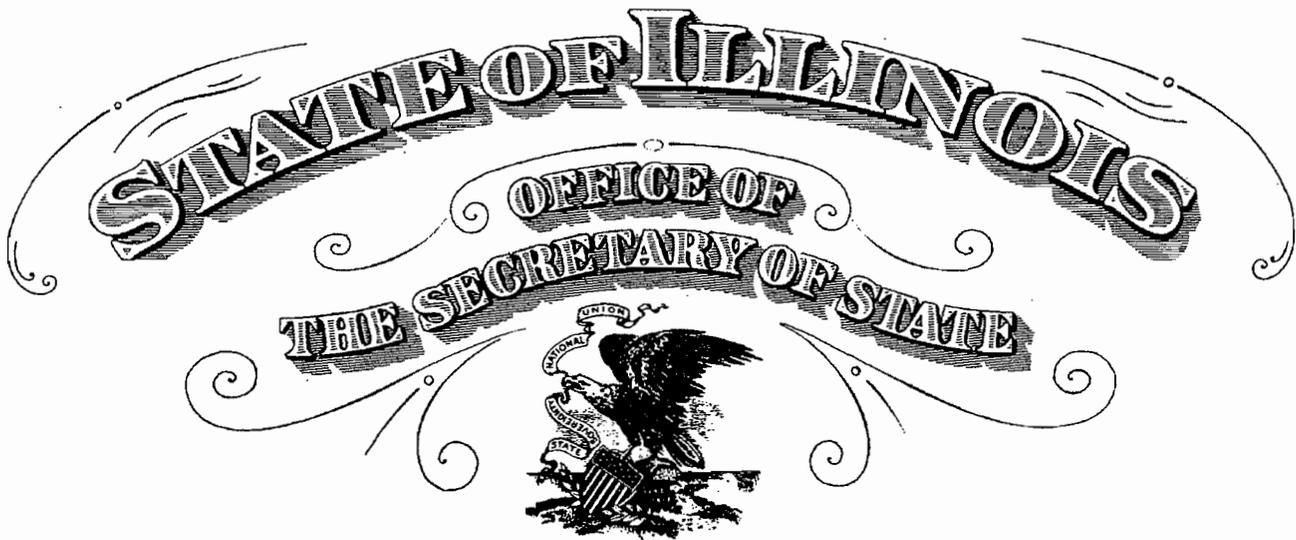
Authentication #: 1318902746

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

In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 8TH
day of JULY A.D. 2013 .

Jesse White

SECRETARY OF STATE
ATTACHMENT 4



To all to whom these Presents Shall Come, Greeting:

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

DELNOR-COMMUNITY HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 29, 1986, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, 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 9TH day of MAY A.D. 2013 .



Authentication #: 1312901498

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

Jesse White

SECRETARY OF STATE
ATTACHMENT 4

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this "Agreement"), is made as of this 9th day of July 2013 (the "Effective Date"), by and between HC GENEVA PARTNERS I, LLC, a Wisconsin limited liability company (the "Seller"), and DELNOR-COMMUNITY HOSPITAL, an Illinois not for profit corporation (the "Buyer").

RECITALS

The parties hereto acknowledge the following:

- A. Seller owns the Real Property (defined below).
- B. Subject to the terms and conditions set forth in this Agreement, Seller desires to sell and convey the Property (as defined below) to Buyer, and Buyer desires to purchase the Property from Seller.
- C. Seller and Buyer acknowledge that the transaction contemplated herein is subject to the issuance of a COE (as defined below) by the IHFSRB.
- D. Seller and Buyer desire to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION of the agreements, terms and conditions set forth below, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged by each party, Seller hereby agrees to sell to Buyer and Buyer hereby agrees to purchase from Seller all of Seller's right, title and interest in real property legally described on Exhibit A and Seller's right, title and interest in the Ground Lease (defined below), if any (collectively, the "Real Property");

TOGETHER WITH all of Seller's right, title, interest, obligations, in, to, and under the Leases, including all applicable rent, security deposits, and guaranties (to the extent assignable or transferable) related thereto (the Real Property and the Leases are sometimes collectively referred to herein as the "Property").

WHICH SALE AND PURCHASE IS PURSUANT TO THE FOLLOWING TERMS AND SUBJECT TO THE FOLLOWING CONDITIONS:

Section 1. Definitions. The following terms have the following meanings: "Close" and "Closing" mean the payment of the Purchase Price (as adjusted under this Agreement) to the Seller and the conveyance of the Property to the Buyer.

1.2 "Closing Loan Balance" means the outstanding total principal of the Loan as of the Closing as certified to in writing by Seller's Lender.

- 1.3 "Closing Statement" means the closing or settlement statement prepared by Title Insurer, and approved by Buyer and Seller, showing the source, application and disbursement of funds required to Close the transaction described herein.
- 1.4 "Certificate of Exemption" or "COE" means an exemption issued by the IHFSRB under Title 77, Chapter II, Part 1130 of the Illinois Administrative Code.
- 1.5 "Condominium" means the condominium commonly known as the Delnor Medical Office Building Condominium, which is located at 351 Delnor Drive on the campus of the Delnor Community Hospital, in Geneva, Illinois.
- 1.6 "Condominium Association" means the Delnor Medical Office Building Condominium Association, Inc.
- 1.7 "Condominium Documents" mean the Declaration of Delnor Medical Office Building Condominium recorded on September 13, 2006, as Document Number 2006K100261, the Condominium Plat recorded on September 13, 2006 as Document Number 2006K100261, and the Bylaws for the Condominium Association, as each may have been amended.
- 1.8 "Ground Lease" means that certain ground lease dated December 23, 2004, between Delnor Community Health System, an Illinois nonprofit corporation, as landlord and HC Geneva Partners I, LLC, as tenant.
- 1.9 "IHFSRB" means the Illinois Health Facilities and Services Review Board.
- 1.10 "Leases" means those certain leases set forth on Exhibit B, including, without limitation, any subleases set forth therein.
- 1.11 "Loan" means that certain loan from Seller's Lender to Seller as set forth on Exhibit C.
- 1.12 "Loan Documents" means those certain loan documents executed by Seller in connection with the Loan, and as set forth on Exhibit D.
- 1.13 "Mortgage" means that certain mortgage securing payment of the Loan, and that is a part of the Loan Documents that are set forth in Exhibit D.
- 1.14 "Note" means that certain note that is part of the Loan Documents set forth in Exhibit D.
- 1.15 "Person" means a natural person, a trustee, and any form of legal entity.
- 1.16 "Seller's Lender" shall mean Pekin Community Bank.
- 1.17 "Testing" means the taking of samples of materials such as soils, water, air, or building materials from the Real Property and the laboratory analysis or other analysis of those materials.

1.18 "Title Insurer" means Chicago Title Insurance Company.

Section 2. Purchase Price. Buyer shall pay Twenty-three Million Two Hundred Fourteen Thousand and 00/100 Dollars (\$23,214,000.00) to Seller as the purchase price for the Property (the "Purchase Price"), paid to Seller as set forth in this Section 2.

2.1 Deposit. Buyer shall, within five (5) Business Days following the parties' execution of this Agreement, deposit with the Title Insurer a deposit of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), which shall be deposited into an interest-bearing account and, along with all accrued interest, shall constitute the "Deposit." The Deposit shall be applied towards the Purchase Price and otherwise disbursed in accordance with Section 4.3. The Deposit shall be held by the Title Insurer pursuant to Section 4.3 and the Escrow Agreement in the form attached hereto as Exhibit E; provided, however, that notwithstanding the execution of the Escrow Agreement, as between Seller and Buyer this Agreement shall supercede and control with respect to the disbursement of the Deposit. .

2.2 At Closing. The Real Property is currently subject to and encumbered by the Mortgage, which secures payment of the Loan. At Closing, Buyer shall pay to Seller the balance of the Purchase Price, minus apportionments, adjustments and prorations made in accordance with this Agreement and the Closing Loan Balance reflected on the Closing Statement, by wire transfer into an escrow account with Title Insurer for disbursement in accordance with the Closing Statement and the parties' closing instructions.

2.3 Closing Statement. Prior to Closing Title Insurer shall prepare the Closing Statement for review and approval by Buyer and Seller which shall detail all receipts and disbursements of funds necessary to consummate the Closing.

Section 3. Closing, Title and Possession.

3.1 Closing. The Closing shall take place on the date that is fifteen (15) days after the date of expiration of the Study Period (as defined in Section 4.1 below), or the next succeeding Business Day if such day is not a Business Day, by mutual exchange of documents and funds through the Title Insurer acting as escrow Agent (or on any earlier date, and at any other time or place, as may be mutually agreed upon by the parties).

3.2 Conveyance; Title.

(a) At Closing, Seller shall convey the Real Property to Buyer in fee simple, by special warranty deed (also known as a limited warranty deed)(the "Deed"), providing a warranty against only those claims and demands of the Seller and those claiming by and under the Seller, subject only to the following:

(i) Any restrictions or regulations affecting the Real Property by virtue of any zoning, administrative or other law, ordinance, statute, ruling, or regulation of any governmental entity having jurisdiction over the same, whether now or hereafter in effect;

(ii) Any state of facts that an American Land Title Survey of the Condominium and the land upon which the Condominium is located would show;

- (iii) The lien of real estate taxes for 2013 and any subsequent years, not yet due and payable;
- (iv) The Leases;
- (v) The Mortgage and any other Loan Documents that encumber the Property;
- (vi) The Condominium Documents;
- (vii) The lien of condominium assessments (or similar charges levied under the Condominium Documents) for 2013 and any subsequent years, not yet due and payable;
- (viii) The Ground Lease; and
- (ix) Those items set forth in Section B of Buyer's approved title insurance commitments for the Real Property to be issued by the Title Insurer. The items listed in these clauses (i) through (ix) are, collectively, the "Permitted Encumbrances."

(b) Title.

(i) Seller shall direct the Title Insurer to deliver to Buyer the title commitments and copies of title documents referred to therein for the Real Property as soon as practicable but no later than ten (10) days after commencement of the Study Period (as hereinafter defined). If the title commitments issued to Buyer reveal any matter that causes Seller's fee simple title to all or any part of the Real Property to not be satisfactory to Buyer in its sole discretion, then Buyer may give Seller written notice of its objection to the same ("Buyer's Title Objection Notice") during the Study Period. Seller shall reasonably cooperate with Buyer in curing any objections for which Seller has received timely notice. Seller shall (a) discharge any mortgage liens, monetary liens, mechanics' liens, judgment liens or any lien or encumbrance at or prior to Closing, except the Loan Documents, and (b) with respect to any other title objection, Seller shall use diligent, reasonable efforts to cure such objection prior to Closing, and may extend the date for Closing for such time as is reasonably necessary to cure or remove the objection. Notwithstanding the foregoing in this Section, in the event that Buyer elects to assume the Loan, Buyer hereby accepts the Loan Documents as encumbrances against the Real Property, subject to Buyer's approval rights set forth in Section 12.

(ii) If Seller, despite its commercially reasonable efforts, is unable to cure an objection, then Seller shall give Buyer written notice of same within ten (10) days following receipt of Buyer's Title Objection Notice. In such event, Buyer shall have the option to either (1) waive its objection and proceed to Closing (without any reduction in Purchase Price), or (2) terminate this Agreement by giving Seller written notice of such termination within ten (10) days after receipt of the non-cure notice from Seller.

3.3 Possession. At Closing, Seller shall deliver to Buyer possession of the Property, subject to the Leases and tenants' rights thereunder.

3.4 Closing Costs.

(a) Seller's Closing Costs. At Closing, Seller shall pay its own legal fees, the cost of the base owners' policy of title insurance including extended coverage, and one-half of the Closing fees charged by the Title Insurer for conducting the escrow closing. In the event any state and/or local transfer tax or county recordation tax or other transfer fee are imposed, other than customary recording fees, such fees shall be paid by Seller.

(b) Buyer's Closing Costs. At Closing, Buyer shall pay for its costs of surveys, any endorsements to the base owners' policy of title insurance requested by Buyer (including any mark-up or pro forma fee, but excluding the cost of extended coverage), one-half of the Closing fees charged by the Title Insurer for conducting the escrow closing, any recording fees incurred in recording the Deed, all investigations, inspections and tests with respect to the Property, its own legal fees, and all fees, charges and expenses in connection with or related to the Loan Assumption (as defined in Section 12.1) charged by Seller's Lender, including, without limitation, any loan assumption fees, the costs of any title insurance policies or endorsements required by Seller's Lender, recording fees incurred in recording the Loan Assumption documents, and those costs set forth in Section 10 of the Mortgage. Buyer shall also be responsible for and shall pay all costs associated with the COE.

3.5 Real Property Apportionments and Other Adjustments.

(a) Apportioned Items. The following items (collectively, the "Apportioned Items") shall be apportioned at the Closing as of 12:01 a.m. on the date of Closing, such that all items of income and expense with respect to the Property shall be for the account of Buyer on the Closing Date:

(i) annual rents and other fixed charges payable under the Leases;

(ii) unfixed charges payable under the Leases (including, without limitation, estimated amounts payable by tenants with respect to operating expenses and/or real estate taxes, if any);

(iii) 2013 real estate taxes and assessments based on one hundred two percent (102%) of the actual 2012 real estate taxes and assessments;

(iv) fuel, electricity, water and other utility costs (including, without limitation, water rates and charges and sewer and vault taxes and rents) except to the extent that payment of such amounts are the responsibility of tenants under the Leases; and

(v) such other items of income and expense as are customarily prorated in sales transactions involving other properties which are similar to the Property.

(b) Delinquent Rents. Seller shall receive a credit on the Settlement Statement for delinquent rent and other delinquent fixed charges payable under the Leases. In no event shall Seller have any right to take any action to collect any past due rents or other amounts following the Closing for which it received a credit. To the extent that Seller receives any such

delinquent rents or other rents or amounts from and after the Closing Date, the same shall be held in trust by Seller and Seller shall promptly remit any such amounts to Buyer. Notwithstanding the foregoing in this Section 3.5(b), Seller hereby agrees not to seek and Seller shall not receive a credit on the Settlement Statement for any delinquent amounts payable under the Leases by any tenant to Seller that are related to additional rent and that are subject to any dispute arising out of the effect the Condominium creation had on any such tenant's proportionate share obligation under its lease.

(c) Tax Refunds. If any refunds of real property taxes or assessments, water rates and charges or sewer taxes and rents shall be made after the Closing to Seller or Buyer, the same shall be held in trust by Seller or Buyer, as the case may be, and shall first be applied to the unreimbursed costs incurred in obtaining the same, then to any required refunds to tenants, and the balance, if any, shall be paid to Seller (for the period prior to the Closing Date) and Buyer (for the period commencing with the Closing Date).

(d) Lease Escrows. At the Closing, Buyer shall receive a credit in the amount of all escrows or other payments made by tenants under the Leases for real estate taxes and other operating expenses and security deposits then being held by Seller pursuant to the terms of the Leases.

(e) Tenant Improvement Allowance. Buyer and Seller hereby acknowledge and agree that a portion of the Real Property is currently vacant and that Seller has agreed to pay to Buyer, or deposit in an account for the benefit of Buyer, at Closing an additional sum of Seven Hundred Fourteen Thousand Dollars (\$714,000.00) as a credit for future tenant improvements.

(f) Loan Assumption. Seller shall be credited for any deposits or reserves in connection with the Loan that are on deposit with the Seller's Lender, which will be transferred to Buyer pursuant to the Loan Assumption.

(g) Estimates. If any of the Apportioned Items cannot be apportioned at the Closing because of the unavailability of the amounts that are to be apportioned, such items shall be apportioned on the basis of a good faith estimate by the parties and reconciled as soon as practicable after the Closing Date; provided, however, all such reconciliations shall occur no later than sixty days (60) days after the Closing Date.

(h) Errors. If either party discovers any errors on the Closing Statement within ninety (90) days after the Closing Date, the parties shall make such adjustments as are necessary to reconcile and adjust for such errors; provided, however, all such reconciliations shall occur no later than ninety (90) days after the Closing Date.

(i) Adjustment to Purchase Price. If a net amount is owed by Seller to Buyer pursuant to this Section, such amount shall be credited against the Purchase Price. If a net amount is owed by Buyer to Seller pursuant to this Section, such amount shall be paid together with the Purchase Price.

(j) Survival. The provisions of this Section shall survive the Closing.

3.6 Deliveries at Closing.

(a) Seller's Deliveries. At Closing, Seller shall deliver or cause to be delivered to Buyer:

- (i) the Deed referenced in Section 3.2(a);
- (ii) the FIRPTA Affidavit referenced in Section 5.1(b);
- (iii) the customary title insurance affidavits;
- (iv) to the extent requested by Buyer, any original plans and surveys, licenses, permits agreements and other originals of the Property Information that are in Seller's control, as pertain to the ownership, maintenance or operation of the Real Property, any and all keys, locks, training and instruction manuals in Seller's possession relating to the maintenance and operation of the Real Property; provided, however none of the foregoing shall include such items that are related to the Tenants' operation of their respective medical practices and businesses at the Real Property;
- (v) evidence of the authority of the incumbency of any individuals to execute any documents or instruments executed and delivered by Seller at Closing;
- (vi) all documents and instruments necessary to effect the assignment of the Loan Documents;
- (vii) an Assignment of Leases, Rents, Security Deposit, and Guarantees;
- (viii) the Leases;
- (ix) an executed notice letter from Seller to tenants that provides notice of the sale of the Property from Seller to Buyer, directs tenants to make payments under the Leases to Buyer as Landlord, and requests that tenants name Buyer as additional insured on its insurance policies and provides Buyer with evidence of the same not later than ten (10) after receipt; and
- (x) resignations of those officers of the Condominium Association and those members of the Board of Directors for the Condominium Association who are affiliated with Seller, if any.
- (xi) such other documents as shall be reasonably required to consummate the transactions contemplated herein.

In addition to the foregoing, Seller shall use commercially reasonable efforts to obtain estoppel certificates in substantially the same form set forth in Exhibit B-1 from tenants of the Property that are not affiliated with Buyer in any way and deliver such estoppel certificates to Buyer within fifteen (15) business days of the date upon which each party hereto has fully executed this Agreement and received a copy or original thereof. For purposes of this Agreement, with respect to Seller obtaining the estoppel certificates, in order for Seller to comply with the commercially

reasonable efforts standard above set-set forth, it shall not be necessary for Seller to exercise any contractual remedies or provide notices of default under any applicable lease or threaten any such actions, and Seller hereby represents that it will not provide any such notices, nor will it exercise or threaten any such remedies (default remedies, penalties, or otherwise) if any tenant fails to provide an estoppel certificate, which Buyer hereby acknowledges and accepts.

(b) Buyer's Deliveries. At Closing, Buyer shall deliver to Seller:

(i) the Purchase Price adjusted as provided in this Agreement;

(ii) evidence of the authority of the incumbency of any individuals to execute any instruments executed and delivered by Buyer at Closing; and

(iii) in the event that Buyer elects to assume the Loan, Buyer shall provide Seller with executed copies of the documents executed by Buyer and/or Seller's Lender in connection with Loan Assumption.

(c) Joint Deliveries. At Closing, Seller and Buyer shall deliver the Closing Statement accurately reflecting the financial terms of the transactions contemplated herein and State and County transfer tax declarations.

Section 4. Conditions to Closing; Deposit.

4.1 Buyer's Conditions.

(a) Feasibility Due Diligence. Buyer, acting in its sole and absolute discretion, shall have a sixty (60) day period, commencing on the Effective Date (the "Study Period"), which Study Period shall end at 5:00 p.m., Central Standard Time on the date that is sixty (60) days from the Effective Date, during which Buyer may make its own investigation of the Real Property, including physical status, title, zoning, entitlement, environmental and other investigations; provided, however, Buyer may not conduct Testing of the Property without Seller's prior written consent, which consent may be withheld in Seller's sole discretion. Buyer shall have a continuing right of access, subject to Section 6, to conduct such studies. Notwithstanding anything to the contrary set forth in this Agreement, if Buyer fails to provide Seller with the Termination Notice (defined below in Section 4.3) on or before the expiration of the Study Period, then Buyer shall be deemed to have satisfied all of the conditions on Buyer's obligation to close the transactions contemplated herein, except Buyer's condition set forth in Section 4.1(b).

(b) Certificate of Exemption. Buyer shall have a one hundred eighty (180) day period (the "COE Period") commencing on the Effective Date to obtain a COE. Buyer shall diligently seek and use its best efforts to obtain a COE. In the event IHFSRB fails to issue the COE within the COE Period, then this Agreement shall automatically terminate.

4.2 Seller's Conditions. Seller's obligation to close the transactions contemplated by this Agreement shall be conditioned on: (a) Buyer's assumption of the Loan; (b) Seller's review and approval of the terms and conditions of the Loan Assumption (as defined in Section 12); and (c) the IHFSRB issuing the COE within the COE Period. In the event that Buyer does not

assume the Loan, or in the event that the terms, conditions and agreements required by Seller's Lender in connection with the Loan Assumption are unacceptable to Seller, or in the event that the IHFSRB does not issue the COE within the COE Period, then Seller shall have the right to terminate this Agreement by providing Buyer with written notice of such termination.

4.3 Deposit. Notwithstanding the execution of the Escrow Agreement, as between Seller and Buyer this Agreement shall supercede and control with respect to the disbursement of the Deposit. The provisions of this Section 4.3 shall survive the termination or expiration of this Agreement.

(a) Nonrefundable Deposit. Notwithstanding anything to the contrary set forth in this Agreement, the Escrow Agreement, or elsewhere, the Deposit shall be nonrefundable to Buyer and Seller may retain the Deposit in all circumstances, except as expressly set forth below in this Section 4.3(a) and except for the application of the Deposit against the Purchase Price in the event this transaction Closes.

(i) At any time prior to the expiration of the Study Period, Buyer may notify Seller expressly and in writing that Buyer has determined, for any reason or no reason, in its sole and absolute discretion that it will not complete the proposed acquisition of the Property, and is thereby terminating this Agreement ("Termination Notice") and upon such termination within the Study Period the Deposit shall be refunded to Buyer, subject to the limitations of Section 4.3(b).

(ii) If the transaction contemplated herein fails to close due to a material default of this Agreement by Seller, then the Deposit shall be refunded to Buyer, subject to the limitations of Section 4.3(b).

(iii) If the Agreement terminates pursuant to Section 4.1(b), or if the Agreement is terminated by Buyer in accordance with Section 3.2(b), Section 7.1, or Section 7.2, then in any such case the Deposit shall be refunded to Buyer, subject to the limitations of Section 4.3(b)

(iv) If Seller terminates the Agreement because the terms, conditions or agreements required by Seller's Lender in connection with the Loan Assumption are unacceptable to Seller, then the Deposit shall be refunded to Buyer, subject to the limitations of Section 4.3(b).

(b) Consideration. Buyer hereby agrees that if the Deposit is refunded to Buyer pursuant to Section 4.3(a)(i), 4.3(a)(ii), or 4.3(a)(iii), then Seller may retain One Hundred Dollars (\$100) of the Deposit as consideration for granting the conditions on Buyer's obligation to Close *plus* an amount equal to any charges by Seller's Lender that Seller may incur as a result of the proposed Loan Assumption or cancellation thereof and Buyer hereby agrees to cooperate with Seller in causing the Title Company to disburse such amounts to Seller. Buyer hereby agrees that if the Deposit is refunded to Buyer pursuant to Section 4.3(a)(iv), then Seller may retain from the Deposit an amount equal to any charges by Seller's Lender that Seller may incur as a result of the proposed Loan Assumption or cancellation thereof and Buyer hereby agrees to cooperate with Seller in causing the Title Company to disburse such amounts to Seller. Seller

and Buyer hereby agree that such amounts are good and sufficient consideration for Buyer's and Seller's conditions on their obligations to Close this transaction.

Section 5. Representations.

5.1 Seller's Representations. As an inducement to Buyer to enter into this Agreement, Seller represents the following to Buyer as of the date hereof, and each of which representations shall be deemed to be restated as of Closing:

(a) Authorization of Seller. Seller has been duly organized and is validly existing as a Delaware limited liability company, is in good standing in the State of Wisconsin, and is qualified to do business and is in good standing in the State of Illinois. Seller has the full right, power and authority and has obtained any and all consents required therefor to enter into this Agreement, to consummate or cause to be consummated the sale of the Property, and to make or cause to be made the transfers and assignments contemplated herein. The person signing this Agreement on behalf of Seller is authorized to do so.

(b) FIRPTA. Seller is a "United States person" within the meaning of Sections 1445(f)(3) and 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

(c) Leases. Other than Leases and the Ground Lease, Seller has not entered into any other leases, subleases, occupancy agreements or similar agreements with respect to the Property which will survive the Closing. To Seller's knowledge, there are no existing breaches or events of default by Seller under the Leases or the Ground Lease and Exhibit B is substantially accurate.

(d) Loan Documents. To Seller's knowledge, the Loan Documents are in full force and effect in accordance with their respective terms, and to Seller's knowledge there are no existing breaches or events of default by Seller.

(e) Ownership. Seller owns the real property described in Exhibit A.

(f) Environmental Matters. To Seller's knowledge and except as set forth in any material provided to or obtained by Buyer in connection with this Agreement, including, without limitation, any environmental site assessment, property condition report, or similar assessment, and except as set forth in any public records or databases, Unit No. 2 in the Delnor Medical Office Building Condominium is in compliance with environmental laws.

(g) Litigation. To Seller's knowledge there are no lawsuits, claims, actions, proceedings, governmental, regulatory, administrative, or judicial actions pending or threatened against or involving the Property that would impair the ability of Seller to perform its obligations hereunder. To Seller's knowledge, there are no outstanding orders, judgments, decrees, or injunctions issued by any governmental entity against the Seller.

Notwithstanding anything to the contrary in this Agreement, Buyer hereby agrees that Seller has no duty of inquiry with respect to any representation or warranty set forth in this Agreement, and Buyer hereby fully and unconditionally waives and releases any claim it has or may have with respect to failing to make inquiries or Seller having or having had a duty to inquire in connection

with any matter related to any representation or warranty. In addition, Seller shall have no liability whatsoever with respect to any inaccurate representation or warranty if Buyer had knowledge of, or reason to know of, any such inaccuracy prior to Closing. Seller's representations and warranties shall automatically expire, and be of no force or effect and void ninety (90) days after Closing.

5.2 Buyer's Representations. To induce Seller to enter into this Agreement, Buyer represents to Seller the following:

(a) Authorization. Buyer has been duly organized and is validly existing corporation in the State of Illinois, is in good standing in the state of its organization and it, or any assignee of Buyer that will acquire title to the Property at Closing will (to the extent required under Illinois law) be qualified to do business in Illinois, and Buyer or its permitted assignee will be in good standing, in the State of Illinois at the time of Closing. Buyer has the full right and authority and has obtained any and all consents required therefor to enter into this Agreement, to consummate or cause to be consummated the sale of the Property and the Loan Assumption, and to make or cause to be made the transfers and assignments contemplated herein. The person signing this Agreement on behalf of Buyer is authorized to do so.

(b) No Conflict. To Buyer's knowledge, there is no agreement to which Buyer is a party or which is binding upon Buyer which is in conflict with this Agreement. There is no action or proceeding pending, or, to Buyer's knowledge, threatened against Buyer which would challenge or impair Buyer's ability to perform its obligations under this Agreement.

(c) Certificate of Exemption. The sale of the Property from Seller to Buyer is subject to Title 77, Chapter II, Part 1130 of the Illinois Administrative Code and requires that Buyer obtain a COE. The categories of service, number of beds and/or dialysis stations within the Condominium will not change as part of this transaction. No adverse action has been taken against Buyer by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois.

5.3 No Other Warranties or Representations / AS IS, WHERE IS. Buyer acknowledges that the Property is being sold "AS IS, WHERE IS" with all faults and without any warranty or representation whatsoever, express or implied, about the Property or its condition or use, or as to the terms of any agreements (including, without limitation, the Leases, Condominium Documents, Ground Lease, and Loan Documents) or matters of title, or as to any income or expense affecting or relating to the Property, except for the warranties expressly set forth in the Deed, or those representations expressly set forth elsewhere in this Agreement. Buyer's closing on the acquisition of the Property shall constitute conclusive evidence that Buyer is satisfied with the condition of and title to the Property, and with the Condominium Documents, Ground Lease and Loan Documents, and that Buyer had ample opportunity pursuant to the Study Period (as hereinafter defined) to inspect the Property, review the Property Information, Condominium Documents, Ground Lease and Loan Documents, and familiarize itself with the feasibility of the Property for Buyer's desired use. In closing and completing this transaction, Buyer hereby agrees to rely exclusively upon its own inspections, analysis, and reviews, and not upon any representation or warranty of Seller or its agents or employees, except

those expressly set forth in this Agreement or in the Deed to be delivered at Closing. This subsection shall survive the Closing.

Section 6. Right of Entry.

6.1 Entry.

(a) As used in this Agreement, the phrase "Property Information" means the following information: (i) each then-effective certificate of occupancy and other license issued by any governmental authority and covering the Real Property, but not the licenses relating to tenants medical practice located therein; (ii) all, if any, of Seller's books and records relating to the ownership, operation, maintenance and management of the Real Property, including but not limited to income and expense statements for the Real Property for the last two years, utility and tax statements and certificates of occupancy (in Seller's possession); (iii) all, if any, plans and specifications covering the Property which are in Seller's possession or control; (iv) all, if any, guarantees or warranties currently in effect and covering the Property; (v) maintenance or other contracts relating to the Property to which Seller is a party; (vi) any third party reports other than appraisals of any kind in its possession relating to the Property (e.g., soils studies, surveys, environmental studies, and engineering studies); (vii) prior title commitments and surveys for the Real Property in Seller's possession; and (viii) copies of leases for tenants who are not affiliated with Buyer (collectively, the "Property Information").

(b) Subject to the rights of tenants under the Leases and legal restrictions, Buyer and its agents may upon reasonable notice to Seller enter upon the Real Property during the Study Period and, while thereon, make surveys, investigations and appraisals, take measurements, make structural, mechanical, architectural, zoning, land use, market and engineering studies, and make any other inspections and studies of the Real Property deemed appropriate by Buyer, all at Buyer's expense; provided, however Buyer shall not perform any Testing of the Property without the prior written consent of the Seller, which consent may be withheld in Seller's sole discretion.

(c) If Buyer exercises its rights under this Section 6, it shall keep the Property free and clear of any liens or claims resulting therefrom, and defend, indemnify and hold harmless Seller against and from any liability, claim of liability or expense imposed or sought to be imposed upon, or incurred by, Seller for loss or damage to property including the exacerbation of existing conditions (if any) caused by Buyer's negligence and/or injuries to or death of persons arising therefrom other than those caused in whole or in part as the result of acts or omissions of Seller. Buyer shall restore any portion of the Property damaged by such exercise to substantially the same condition immediately before such exercise. Notwithstanding anything to the contrary set forth in this Agreement, the rights and obligations of the parties under this subsection shall survive Closing or any earlier termination of this Agreement.

(d) In addition, Seller shall, upon reasonable notice from Buyer from time to time before Closing, permit Buyer or its agents to inspect at Seller's business office during regular business hours Seller's books and records for the Real Property.

(e) If Buyer elects not to purchase the Property for reasons other than Seller's default under this Agreement, Buyer shall deliver to Seller copies of all studies, surveys, test results, environmental audits and other reports generated in connection with the Property; provided, however, that Buyer shall not be obligated to deliver any items that may contain confidential or proprietary information of Buyer. All such information shall be delivered by Buyer without representations or warranties of any kind, and Seller hereby waives and releases Seller from any claim or liability arising in connection with Buyer's use or reliance upon such information.

6.2 Property Information. Within ten (10) Business Days after the Effective Date, Seller shall provide to Buyer any of the Property Information that is in the possession of Seller. Seller shall provide to Buyer any further Property Information coming into Seller's possession after the initial delivery or availability, and shall continue to make available the same during the pendency of this Agreement.

Section 7. Casualty and Condemnation.

7.1 Casualty. In the event that any portion of the Real Property is damaged or destroyed by any fire, flood or other casualty after the date of this Agreement or prior to Closing, Seller shall give Buyer prompt written notice of the damage. If the damage is not material, then Seller shall use commercially reasonable efforts to commence repairs and replacements prior to the Closing. If such repairs and replacements have not been completed prior to Closing, Seller shall complete, or cause the tenants under its Leases to complete such repairs and replacements subsequent to Closing, at Seller's or tenants' expense (as Seller and Tenant may agree). If the casualty causes material damage, then Buyer may elect by notice to Seller within thirty (30) days after Buyer is notified of such damage (but in no event later than Closing) to either (A) proceed in the same manner as in the case of damage that is not material and Seller shall promptly and diligently cause such repairs and replacements to be made, or (B) to terminate this Agreement. Damage as to any one or more occurrences is "material" if the cost to repair the damage, as reasonably estimated by an engineer or contractor jointly selected by Seller and Buyer, exceeds \$100,000.

7.2 Condemnation. If before Closing any significant portion of the Real Property is taken by condemnation or if any formal notice of a condemnation is issued to Seller, Seller shall promptly notify Buyer. If, in Buyer's reasonable determination, the condemnation is of a significant portion of the Real Property or would materially and adversely affect Buyer's ability to use and enjoy the Real Property, Buyer may, within thirty (30) days after Seller notifies Buyer of any condemnation (but in no event later than Closing), terminate this Agreement by giving Seller written notice thereof. If Seller gives notice to Buyer and Buyer does not terminate this Agreement, the Purchase Price shall not be reduced, but at Closing Seller shall pay to Buyer any award paid for such condemnation which is received by Seller before Closing, and assign to Buyer all of Seller's interest in any award made for condemnation after Closing. Buyer shall have the right to participate in the negotiation and settlement of any condemnation claim in the event Buyer elects or is otherwise obligated to proceed with Closing.

Section 8. Default.

8.1 Rights. Upon any material default hereunder, the non-defaulting party may, by notifying the defaulting party, either postpone Closing for as long as is necessary for such default to be cured, or declare the other party in default and exercise its rights under this Section 8.

8.2 Buyer Default. If Buyer is the defaulting party, Seller's sole and exclusive remedy shall be to terminate this Agreement and retain the Deposit as liquidated damages. If Seller terminates this Agreement pursuant to this Section, this Agreement shall automatically terminate, and the parties shall have no further obligation to each other. This Section 8.2 shall not be deemed in any way to limit the amount of damages which Seller may recover on account of any breach by Buyer of its obligation to indemnify Seller under Section 6.1 or Section 12.

8.3 Seller Default. If Seller defaults under this agreement prior to the Closing, Buyer shall be entitled, after such declaration of default, to (a) seek specific performance and compel Seller to convey the Property as required hereunder, or (b) terminate this Agreement and require the return of the Deposit and to reimburse Buyer for all costs and expenses incurred by Buyer in connection with its pursuit of the transactions described herein up to a maximum amount of \$5,000 as Buyer's sole and exclusive remedies.

Section 9. Notices. Any notice to be provided hereunder to a party or the Title Insurer shall be in writing, and shall be deemed to have been provided forty-eight (48) hours after being sent the next Business Day after having been deposited with a national courier service, or certified or registered mail in the United States mails, postage prepaid, return receipt requested, or on having been sent by facsimile or email (with respect to facsimile or email, in each case only if receipt is acknowledged or confirmed), to the persons and addresses set forth below, as such address may be changed from time to time by notice to the other party.

If intended for Buyer to:

Cadence Health
27W353 Jewell Road
Winfield, Illinois 60190
Attn: John Yep, Director of Business
Development
Telephone: (630) 933-2000
Facsimile: (630) 933-1800
Email: john.yep@cadencehealth.org

with copies to

Cadence Health System
27W353 Jewell Road
Winfield, Illinois 60190
Attn: Michael Holzhueter, General Counsel
Telephone: (630) 933-6484
Facsimile: (630) 933-2729
Email: Michael.holzhueter@cadencehealth.org

Huck Bouma
1755 South Naperville Road
Wheaton, Illinois 60189
Attn: John Martin, Esq.
Telephone: (630) 221-1755
Facsimile: (630) 221-1756
Email: jmartin@huckbouma.com

If intended for Seller to:

HC Geneva Partners I, LLC
c/o Hammes Company
18000 West Sarah Lane, Suite 250
Brookfield, WI 53045
Attention: Todd W. Kibler, Senior Vice
President
Phone: (262) 792-4743
Facsimile: (262)792-3620
Email: tkibler@hammesco.com

with a copy to:

Davis & Kuelthau, s.c.
111 East Kilbourn Avenue, Suite 1400
Milwaukee, WI 53202
Attn: Bradley D. Page, Esq.
Phone: (414) 225-1424
Fax: (414) 278-3624
Email: bpage@dkattorneys.com

Section 10. Commissions. Buyer and Seller each agree to indemnify the other from and hold the other harmless against any and all claims based in whole or in part on any act of the indemnifying party for commissions, fees or other compensation made by any other real estate broker, agent or salesman claiming to act on behalf of the indemnifying party as the result of the sale contemplated hereby. The rights and obligations of the parties under this Section shall survive Closing or any termination of this Agreement before Closing. Each party shall be responsible for the fees of their respective advisors, attorneys and consultants.

Section 11. Obligations and Covenants of Seller Pending Closing. Between the date of this Agreement and Closing, Seller covenants and agrees as follows:

11.1 Maintenance and Operation of Property. Seller shall continue to maintain the Property consistent with its prior practices, normal wear and tear excepted, and shall cause the continuation of the normal operation thereof.

11.2 Modification of Agreements. Seller shall not renew, extend, terminate, modify or waive, nor permit Tenant or any Subtenant to renew, extend, terminate, modify or waive, any term or condition of any contract, agreement, Lease or Sublease with respect to the Property nor enter into any new contracts, agreements, leases or subleases relating to the Property or the

business thereon, if such contracts, agreements, leases or subleases would survive the Closing and bind Buyer or the Property, without the written consent of Buyer in each instance, which consent shall not be unreasonably withheld, conditioned or delayed.

11.3 No Changes. During the term of this Agreement, Seller and Buyer shall not seek or consent to any zoning changes or other governmental approvals with respect to the Real Property without first obtaining the other's prior written consent in each instance.

Section 12. Loan Assumption.

Section 12.1 Process for Assumption of Loan. Within five (5) Business Days after the Effective Date, Seller shall provide Buyer with the copies of the Loan Documents. As part of the Buyer's purchase of the Property, Buyer shall assume the Loan and all of the obligations under the Loan Documents (the "Loan Assumption"). Within ten (10) Business Days after receipt of the Loan Documents from Seller, Buyer shall prepare and submit to Seller's Lender its application and any other documentation required by Seller's Lender to assume the Loan. Buyer's obligation to Close is conditioned upon Buyer's approval within the Study Period of the Loan Documents and the terms and conditions and agreements required by Seller's Lender in connection with the Loan Assumption. In the event that Seller's Lender has not approved the Loan Assumption prior to the expiration of the Study Period, Buyer and Seller agree to extend the Study Period for an additional thirty (30) days (unless otherwise agreed in writing by Buyer and Seller) for the sole purpose of obtaining Seller's Lender's approval of the Loan Assumption and for no other purpose.

Section 12.2 Indemnity.

(a) **Failure to Close.** If this transaction fails to Close or if Buyer fails to assume the Loan for any reason whatsoever other than a Seller default under this Agreement, then Buyer hereby indemnifies, defends, releases, and holds Seller and its members, officers, agents, attorneys, directors, employees, successors and assigns harmless from any and all claims, debts, demands, defenses, actions, causes of action, suits, dues, sums of money, accounts, bonds, warranties, covenants, contracts, controversies, promises, agreements, or liabilities of every kind and nature, whether known or unknown, related to, arising out of, or in connection with, the Loan Assumption and the process related thereto, including, without limitation, those costs set forth in Section 10 of the Mortgage. Buyer acknowledges and agrees that it will have sufficient opportunity pursuant to Section 12.1 to review the Loan Documents, including, without limitation, Section 10 of the Mortgage, with respect to potential costs associated with the Loan Assumption prior to starting the Loan Assumption process. This Section 12.2(a) shall survive termination of this Agreement.

(b) **Upon a Closing.** Upon Closing and assumption of the Loan, Buyer hereby indemnifies, defends, releases, and holds Seller and its members, officers, agents, attorneys, directors, employees, successors and assigns harmless from any and all claims, debts, demands, defenses, actions, causes of action, suits, dues, sums of money, accounts, bonds, warranties, covenants, contracts, controversies, promises, agreements, mortgages, notes, or liabilities of every kind and nature, whether known or unknown, related to, arising out of, or in connection with, the Loan and the Loan Documents from and after Closing. Notwithstanding anything to

the contrary set forth in this Agreement, this Section 12.2 shall survive Closing and the legal doctrine of merger shall not apply to this Section 12.2.

Section 13. General.

13.1 Effectiveness. This Agreement shall become effective as of the Effective Date upon on its execution and delivery by each party.

13.2 Complete Understanding. This Agreement (together with the Leases) represents the complete understanding between the parties as to the sale of the Property, and supersedes all prior written or oral negotiations or agreements as to the Property, the condition thereof or any other matter whatsoever, made by any broker, agent, employee or other person representing or purporting to represent either party.

13.3 Waiver. No party shall be deemed to have waived the exercise of any right which it holds under this Agreement unless such waiver is made expressly and in writing. No delay or omission by any party in exercising any right shall be deemed a waiver of its future exercise. No waiver made as to any instance involving the exercise of any right shall be deemed a waiver as to any other instance, or any other right. Provided, however, that this Section 13.3 shall not apply to Buyer's failure to provide the Termination Notice, if applicable, and the resulting waiver of Buyer's conditions on its obligation to close the transactions contemplated herein.

13.4 Applicable Law. This Agreement shall be given effect and construed by application of the law of the State of Illinois.

13.5 Waiver of Jury Trial. THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

13.6 Construction. The term "person" means a natural person, a trustee, a corporation, a partnership and any other form of legal entity. All references made in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; and in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

13.7 Exhibits. Each writing or plat referred to as being attached as an Exhibit is hereby made a part of this Agreement.

13.8 Assignment. Buyer shall have the right to assign to a limited liability company, corporation, partnership, joint venture or other entity Buyer's rights under this Agreement without first obtaining Seller's written consent, provided that Buyer (or an affiliate of Buyer) shall at the time of such assignment and at all times prior to Closing be a member, shareholder, partner, joint venturer or other owner in such assignee entity and shall remain directly obligated under this Agreement notwithstanding such assignment. In addition, Buyer shall notify Seller in writing prior to such assignment. Except as set forth above, Buyer shall not before Closing otherwise assign any of its rights under this Agreement without first obtaining Seller's written

consent (which Seller may give or withhold in its reasonable discretion). Subject to the foregoing provisions of this subsection, this Agreement shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns in interest hereunder.

13.9 Severability. No determination that any provision of this Agreement is invalid or unenforceable in any instance shall affect the validity or enforceability of any other such provision, or that provision in any circumstance not controlled by such determination. Each provision shall be valid and enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, applicable law.

13.10 Counterparts. This Agreement may be signed in counterparts, all of which when taken together shall constitute the one and same original.

13.11 Additional Documents. Buyer and Seller agree that they will, at any time after the Closing, duly execute and deliver to each other any additional conveyances, assignments, documents and instruments, and shall take or cause to be taken such further actions (including the making of filings), which are reasonably necessary to properly consummate the purchase and sale contemplated herein.

13.12 Construction. Each party hereto hereby acknowledges that all parties hereto participated equally in the negotiation and drafting of this Agreement and that, accordingly, no court construing this Agreement shall construe it more stringently against one party than against the other.

13.13 Headings. The headings are used herein for convenience of reference only, and shall not be deemed to vary the content of this Agreement.

13.14 Business Day. As used herein, the term "Business Day" shall mean any day other than a Saturday or Sunday, or other day recognized as a holiday by the U.S. Government, or the government of the State of Illinois, or upon which banks or similar financial institutions in the State of Illinois are generally closed. Notwithstanding any provision of the Agreement to the contrary, with respect to any provision in the Agreement that governs the date of commencement or expiration of any time period, or the date of occurrence of any act or event, if any such date otherwise would fall on a day that is not a Business Day, then in any such event, such date shall be deemed for all purposes of this Agreement to commence or expire, or occur, as the case may be, on the next succeeding Business Day.

13.15 Attorneys' Fees. If either party hereto institutes any proceeding, claim or action, at law or in equity, in connection with or arising out of the terms, conditions, covenants and agreements contained in this Agreement, the non-prevailing party in any such action, claim or proceeding shall reimburse the prevailing party for reasonable attorneys' fees, costs and other expenses incurred in connection with such proceeding or action.

IN WITNESS WHEREOF, each party has executed and sealed this Agreement or caused it to be executed and sealed on its behalf by its duly authorized representatives, the day and year first above written.

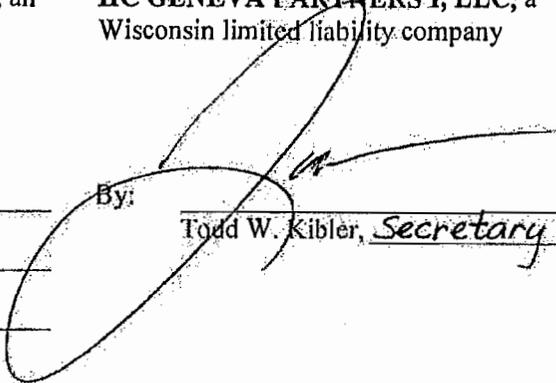
BUYER:

SELLER:

DELNOR-COMMUNITY HOSPITAL, an
Illinois not for profit corporation

HC GENEVA PARTNERS I, LLC, a
Wisconsin limited liability company

By: _____
Name: _____
Title: _____

By: 
Todd W. Kibler, Secretary

IN WITNESS WHEREOF, each party has executed and sealed this Agreement or caused it to be executed and sealed on its behalf by its duly authorized representatives, the day and year first above written.

BUYER:

SELLER:

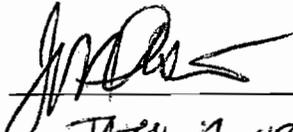
DELNOR-COMMUNITY HOSPITAL, an
Illinois not for profit corporation

HC GENEVA PARTNERS I, LLC, a
Wisconsin limited liability company

By: _____

Name: _____

Title: _____


JOHN A. ORSINI
CFO

By: _____

Todd W. Kibler, _____

EXHIBIT A

LEGAL DESCRIPTION

Unit No. 2 in the Delnor Medical Office Building Condominium, together with its undivided percentage interest in the common elements

EXHIBIT B

LEASES, SUBLEASES

[ATTACHED]

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Rent Roll - Occupancy Summary

As of Date: 06/30/2013 Show Excluded Units: No Show All Amounts: Monthly

Property: HC Geneva Partners 1 LLC - 40040

Unit	Lease Name	Lease Type	Lease From	Lease To	Term (Months)	Area	Base Rent	Rent Per Area	Recovery Per Area	Misc Per Area	Total Per Area	Deposit
100	Kane Cardiology P.C.	Office - Net	02/01/2006	04/30/2016	123	8,482	19,124.95	2.25	1.06	0.00	3.31	0.00
104D, 106D, 110D, 200, 201D, 205D, 250, 304D, 406D, IT-1, IT-3, IT-4	Delnor-Community Hos	Office - Net	02/01/2006	03/31/2021	182	29,580	66,025.52	2.23	1.06	0.00	3.29	0.00
207	Cadence Physician Gr	Office - Net	02/15/2006	02/14/2016	121	2,778	6,053.95	2.18	1.06	0.00	3.24	2,778.00
210	Center for Reproduct	Office - Net	10/01/2006	09/30/2013	84	1,383	2,919.94	2.11	1.06	0.13	3.30	2,535.50
300	Cornerstone Medical	Office - Net	11/13/2006	11/30/2016	121	3,584	7,640.66	2.13	1.06	0.00	3.19	6,570.67
310	Midwest ENT	Office - Net	04/01/2007	03/31/2017	120	7,068	17,081.00	2.42	1.06	0.00	3.47	10,013.00
400	Lawrence L.Johnson M	Office - Net	02/01/2006	02/15/2016	121	2,438	5,321.79	2.18	1.06	0.00	3.24	2,438.00
401	Delnor-Community Hos	Office - Net	02/01/2006	01/31/2016	120	4,676	7,958.12	1.70	1.07	0.00	2.77	0.00
404	Grossweiner & Blasza	Office - Net	02/23/2006	02/22/2016	121	2,202	4,806.63	2.18	1.06	0.00	3.24	2,202.00
410	La Grange Oncology	Office - Net	01/15/2007	01/31/2017	121	5,395	11,545.55	2.14	1.06	0.00	3.20	9,890.33
100Z	VACANT	N/A			-	74	0.00	0.00	0.00	0.00	0.00	0.00
204	VACANT	N/A			-	4,836	0.00	0.00	0.00	0.00	0.00	0.00
301	VACANT	N/A			-	6,196	0.00	0.00	0.00	0.00	0.00	0.00
403	VACANT	N/A			-	2,198	0.00	0.00	0.00	0.00	0.00	0.00

Summary

	Total Units	Percentage	Total Area	Percentage	Total Base Rent	Total Rent Per Area	Total Recovery Per Area	Total Misc Per Area	Total Charges Per Area	Total Deposit
Occupied	21	84.00%	67,586	83.55%	148,488.11	2.20	1.06	0.00	3.26	36,427.50
Vacant	4	16.00%	13,304	16.45%	0.00	0.00	0.00	0.00	0.00	0.00
Totals	25		80,890		148,488.11	1.84	0.88	0.00	2.72	36,427.50

EXHIBIT B-1

FORM OF ESTOPPEL

TENANT ESTOPPEL CERTIFICATE

Property Name: _____ ("Property")
Tenant: _____
To: _____
Definition: _____
Lease Date: _____
Landlord: _____
Tenant: _____
Security Deposit: _____
Date of Possession: _____
Rent Commencement Date: _____
Monthly Base Rent: _____
Annual Base Rental Amount: _____
Monthly Deposits: _____
Term: _____
Termination Date: _____
Renewal Option(s): _____
Square Footage: _____
Use: _____
Tenant's Address for Notices: _____

("Purchaser") ("Lender") proposes to (purchase the property) (finance the property) and this Tenant Estoppel Certificate is being made and delivered in connection with that (purchase) (financing).

The undersigned Tenant under the above referenced Lease dated as of the Lease Date between Landlord and Tenant ("Lease"), certifies, represents, confirms and agrees in favor of ("Purchaser") ("Lender"), the following:

1. The above described Lease has not been cancelled, modified, assigned, extended or amended, and contains the entire agreement between Landlord and Tenant except as follows:

2. Rent has been paid to _____; there is no Prepaid Rent. The amount of the Security Deposit is as set forth above, which is currently being held by Landlord.
3. Tenant took possession of the leased premises on the Date of Possession, and commenced to pay rent on the Rent Commencement Date, in the amount of the Monthly Base Rent, each payable in advance. Our current Annual Base Rental Amount is as set forth above. No "discounts", "free rent", "discounted rent", or "abatements of rent" have been agreed to or are in effect, except (state "none" if there are none) _____.
4. The lease is for the term set forth above and ending on the Termination date, and we have the Renewal Option(s) set forth above.
5. All space and improvements covered by the lease have been completed and furnished to the satisfaction of Tenant, all conditions required under the Lease have been met, and Tenant has accepted and taken possession of the leased premises on the Date of Possession as set forth above and presently occupies the leased premises, presently consisting of the Square Footage as set forth above.
6. The Lease is (a) in full force and effect, and (b) free from default by both Landlord and Tenant; and we have no claims, liens, charges or credits against Landlord or offsets against rent.
7. The undersigned has not assigned or sublet the Lease, nor does the undersigned hold the Property under assignment or sublease.
8. There are no other agreements written or oral, between the undersigned and Landlord with respect to the Lease and/or the leased premises and building. Landlord has satisfied all commitments, arrangements or understandings made to induce Tenant to enter into the Lease, and Landlord is not in any respect in default in the performance of the terms and provisions of the Lease, nor is there now any act or condition which, with notice or lapse of time or both, would become such default.
9. The leased premises are currently being used for the Use set forth above.
10. Tenant is maintaining (free of default) all insurance policies that the Lease requires Tenant to maintain.
11. Tenant is not in any respect in default under the terms and provisions of the Lease (nor is there now any act or condition which, with notice or lapse of time or both, would become such a default), and Tenant has not assigned, transferred or hypothecated its interest under the Lease.
12. Tenant (i) does not have any option or preferential right to purchase all or any part of the leased premises or all or any part of the building of which the leased premises are a part; and (ii) does not have any right, title or interest with respect to the leased premises other than as lessee under the Lease.
13. We understand that (Purchaser) (Lender) is planning to (purchase) (finance) the Property on which the leased premises is located to Purchaser, and we agree to make all payments required under the Lease to (Purchaser) (Lender) upon our receipt of written notice from Landlord directing us to make payment to (Purchaser) (Lender). Further, upon receipt of such notice, we will thereafter look to (Purchaser) (Lender) and not Landlord as the landlord under the Lease. We agree to give all notices required to be given by us to Landlord under the Lease to (Purchaser) (Lender) upon our receipt of said notice.
14. The statements contained herein may be relied upon by (Purchaser) (Lender) and by any prospective purchaser or lender of the Property.

15. If Tenant is a Corporation, the undersigned is a duly appointed Officer of the corporation signing this Agreement, and is the incumbent in the office indicated under his or her name. If Tenant is a partnership or joint venture, the undersigned is a duly appointed officer of the partnership or venture signing this certificate. In any event, the undersigned individual is duly authorized to execute this Agreement on behalf of Tenant.

16. Tenant (a) executes this certificate with the understanding that (Purchaser) (Lender) is contemplating (purchasing) (financing) the Property, and that if (Purchaser) (Lender) (purchases) (finances) the Property, (Purchaser) (Lender) will do so in material reliance on this certificate; and (b) agrees that the certifications and representations made herein shall survive such acquisition.

17. The current address to which all notices to Tenant as required under the Lease should be sent is the Tenant's Address for Notices.

18. (Purchaser's) (Lender's) rights hereunder shall inure to its successors and assigns.

IN WITNESS WHEREOF, Tenant has executed this estoppel certificate as of this ____ day of _____ 2013.

By: _____

Its: _____

EXHIBIT C

LOAN

That certain \$15,000,000.00 loan made by Seller's Lender's predecessor-in-interest PNC Bank, National Association on August 29, 2007

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EXHIBIT D

LOAN DOCUMENTS

- I. Promissory Note
2. Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing
3. Nonrecourse Indemnification Agreement
4. Environmental Indemnity Agreement
5. Assignment of Leases and Rents
6. Tenant Improvement and Leasing Commission Escrow Agreement
7. Capital Improvement Escrow Agreement
8. UCC Financing Statements
 - (a) Kane County
 - (b) Wisconsin
9. Borrower's Certificate
10. Secretary's Certificate
11. Affidavit of Permits and Licenses

EXHIBIT E

EARNEST MONEY ESCROW AGREEMENT

This Earnest Money Escrow Agreement ("**Escrow Agreement**") is made and entered into as of _____, 2013, among HC GENEVA PARTNERS I, LLC, a Wisconsin limited liability company ("**Seller**"), DELNOR-COMMUNITY HOSPITAL, an Illinois not for profit corporation ("**Buyer**"), and Chicago Title Insurance Company ("**Escrow Agent**"). This Escrow Agreement is executed pursuant to the terms of a certain Agreement to Purchase and Sale (the "**Purchase Agreement**") between Seller and Buyer pertaining to the sale and purchase of certain real property and improvements located at Unit No. 2 in the Delnor Medical Office Building Condominium, together with its undivided percentage interest in the common elements (the "**Property**").

The parties hereto hereby agree as follows:

1. Buyer shall deposit with Escrow Agent, pursuant to the terms of the Purchase Agreement and in conjunction with the execution of this Escrow Agreement, the sum of \$250,000.00 (together with all interest earned thereon is referred to herein as the "**Earnest Money**"). If and when additional funds (the "**Additional Sum**") are deposited with Escrow Agent pursuant to the Purchase Agreement, such Additional Sum shall become a part of the Earnest Money and be subject to all the terms and conditions of this Escrow Agreement.

2. Except as set forth in Paragraph 7 or Paragraph 8 below, the Earnest Money deposited herein shall be disbursed by Escrow Agent only pursuant to a joint written direction executed by Seller and Buyer or their respective legal representatives.

3. The Earnest Money deposited from time to time shall be invested as agreed in writing by Buyer and Seller with a copy to Escrow Agent.

4. Except for deposits of funds for which Escrow Agent has received express written direction concerning investment or other handling, the parties hereto agree that the Escrow Agent shall be under no duty to invest or reinvest any deposits at any time held by Escrow Agent pursuant to this Escrow Agreement. Such funds will not earn interest unless the instructions otherwise specifically state that funds shall be deposited in an interest-bearing account.

If the parties to this Escrow Agreement do not instruct Escrow Agent to deposit the funds into an interest bearing account, then all funds received in this escrow shall be deposited with other escrow funds in Escrow Agent's general escrow account.

The parties to this escrow acknowledge that the maintenance of escrow accounts with some depository institutions may result in Escrow Agent or its affiliates being provided with bank services, accommodations or other benefits by the depository institution. Escrow Agent or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations and other benefits shall accrue to Escrow Agent or its affiliates, and Escrow Agent or its affiliates shall have no obligation to account to the parties to the escrow for the value of such services, accommodations or other benefits.

NOTICE OF OPPORTUNITY: You have the opportunity to earn interest on your escrowed funds by requesting Escrow Agent to set up an interest bearing account on your behalf. Escrow Agent will inform you of any fees it will charge to establish the account. Interest earned is dependent upon the amount of the deposit, the time of deposit and the prevailing interest rate at the time.

5. Seller and Buyer shall indemnify and hold harmless Escrow Agent with respect to all costs and expenses incurred by Escrow Agent including reasonable attorneys' fees by reason of Escrow Agent being a party to this Escrow Agreement, except any such costs and expenses (a) incurred by Escrow Agent as a result of any failure by Escrow Agent to perform its obligations under this Escrow Agreement or (b) arising out of the gross negligence or willful misconduct of Escrow Agent.

6. At the closing of the transaction contemplated by the Purchase Agreement, the Earnest Money shall be paid to Seller and credited against the cash portion of the Purchase Price (as defined in the Purchase Agreement).

7. In the event of any disagreement between Seller and Buyer or among them and any other person resulting in adverse claims and demands being made in connection with, or for, any Earnest Money held pursuant to the terms of this Escrow Agreement, Escrow Agent shall refuse to comply with the claims or demands as long as such disagreement shall continue, and in so refusing, Escrow Agent shall not deliver or disburse the Earnest Money, and shall not be liable in any way to any person for its failure or refusal to comply with conflicting or adverse demands. Escrow Agent shall be entitled to continue to refrain from acting and refusing to act until it receives authorization as follows:

- a. authorization executed by all parties to the disagreement; or
- b. a certified or file-stamped copy of a court order resolving the disagreement or directing a specific distribution of all or any portion of the Earnest Money

Upon receipt of any of the above, Escrow Agent shall promptly act according to its terms, and shall be relieved from any duty, responsibility, or liability arising from the adverse claims, demands, or from the terms of this Escrow Agreement.

8. In the event of any disagreement between Seller and Buyer or among them and any other person resulting in adverse claims and demands being made in connection with the Earnest Money, Escrow Agent may commence an interpleader action and deposit the Earnest Money with a court of competent jurisdiction and in such event shall be relieved of any and all further liability to Buyer and Seller. Buyer and Seller shall jointly reimburse Escrow Agent for any and all expense, including reasonable attorneys' fees and other costs and expenses, incurred by Escrow Agent relating to the commencement of an interpleader action.

9. Upon Completion of the disbursement of the Earnest Money, Escrow Agent shall be released and discharged of its escrow obligations under this Escrow Agreement.

10. In the event of any conflict between this Escrow Agreement and the Purchase Agreement, as between Seller and Buyer, the Purchase Agreement shall govern; however, Escrow Agent shall be entitled at all times to rely solely on and act in accordance with the provisions of this Escrow Agreement.

11. Any notice, demand or request, consent or approval ("Notice") that may be permitted, required, or desired to be given in connection with this Escrow Agreement shall be given in writing to Seller, Buyer and Escrow Agent as follows:

If intended for
Buyer to: Cadence Health
27W353 Jewell Road
Winfield, Illinois 60190
Attn: John Yep, Director of Business Development
Telephone: (630) 933-2000
Facsimile: (630) 933-1800
Email: john.yep@cadencehealth.org

with copies to Cadence Health System
27W353 Jewell Road
Winfield, Illinois 60190
Attn: Michael Holzhueter, General Counsel
Telephone: (630) 933-6484
Facsimile: (630) 933-2729
Email: Michael.holzhueter@cadencehealth.org

Huck Bouma
1755 South Naperville Road
Wheaton, Illinois 60189
Attn: John Martin, Esq.
Telephone: (630) 221-1755
Facsimile: (630) 221-1756
Email: jmartin@huckbouma.com

If intended for
Seller to: HC Geneva Partners I, LLC
c/o Hammes Company
18000 West Sarah Lane, Suite 250
Brookfield, WI 53045
Attention: Todd W. Kibler, Senior Vice President
Phone: (262) 792-4743
Facsimile: (262) 792-3620
Email: tkibler@hammesco.com

with a copy to: Davis & Kuelthau, s.c.
111 East Kilbourn Avenue, Suite 1400
Milwaukee, WI 53202
Attn: Bradley D. Page, Esq.
Phone: (414) 225-1424
Fax: (414) 278-3624
Email: bpage@dkattorneys.com

Escrow Agent: Chicago Title Insurance Company
20900 Swenson Drive, Suite 900
Waukesha, WI 53186
Attn: _____
Fax: 262-796-3888
Email: _____

Notices shall be either (i) personally delivered (including delivery by Federal Express, or other similar courier service) to the offices set forth above, in which case they shall be deemed delivered on the date of delivery to said offices, (ii) sent by certified mail, return receipt requested, in which case they shall be deemed delivered on the date shown on the receipt unless the delivery is refused or delayed by the addressee, in which event they shall be deemed delivered on the date of deposit in the United States mail or (iii) sent by facsimile, provided the sender of such facsimile has evidence that the facsimile was received by the address's machine, in which case they shall be deemed delivered on the date of receipt by the addressee's machine. Any party may by written notice to the other parties given as provided in this Escrow Agreement change its address for service of Notice.

12. Buyer shall pay any investment fee.

13. This Escrow Agreement may be executed in multiple counterparts, each of which shall constitute an original, and together shall constitute the Escrow Agreement.

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement as of the date first written above.

SELLER:

HC GENEVA PARTNERS I, LLC, a Wisconsin limited liability company

By: _____

Name: _____

Title: _____

Date: _____

BUYER:

DELNOR-COMMUNITY HOSPITAL, an Illinois not for profit corporation

By: _____

Name: _____

Title: _____

Date: _____

ESCROW AGENT:

CHICAGO TITLE INSURANCE COMPANY

By: _____

Name: _____

Title: _____

Date: _____

November 23, 2011

Illinois Finance Authority Central DuPage Health; Hospital

Primary Credit Analyst:

Suzie Desai, Chicago (1) 312-233-7046; suzie_desai@standardandpoors.com

Secondary Contact:

Brian T Williamson, Chicago (1) 312-233-7009; brian_williamson@standardandpoors.com

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Illinois Finance Authority Central DuPage Health; Hospital

Credit Profile

Illinois Fin Auth, Illinois

Central DuPage Health, Illinois

Illinois Finance Authority (Central DuPage Health) (MBIA)

Unenhanced Rating

AA(SPUR)/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services affirmed its 'AA' long-term rating on the Illinois Finance Authority's \$240 million series 2009B and \$90 million series 2009 fixed-rate revenue bonds, issued for Central DuPage Health. Standard & Poor's also affirmed its 'AA' long-term rating and underlying rating (SPUR) on the authority's \$6 million series 2000A periodic auction-rate securities (PARS), insured by National Public Finance Guarantee Corp. (formerly known as MBIA Insurance Corp. of Illinois) and issued for Central DuPage Health. The outlook on all ratings is stable.

Effective April 1, 2011, Central DuPage Health and Delnor-Community Hospital (Delnor; A/Positive) merged to create CDH-Delnor Health System (CDH-Delnor). Central DuPage Health and its affiliates are located in Winfield, a western suburb of Chicago, and Delnor is located approximately 11 miles west of Central DuPage Health. The two entities, while integrated operationally, maintain two distinct obligated groups. We revised the Delnor rating outlook to positive from stable and affirmed the rating in January 2011, and will review the rating in the next few months. The financials presented in this article are those of the consolidated system of CDH-Delnor (for the quarter ended June 30, 2011), but we also provide financials for Central DuPage Health and Central DuPage Health-specific affiliates (collectively referred to as CDH) for year-over-year comparisons. This analysis, however, incorporates the newly consolidated system.

The 'AA' rating reflects our view of CDH-Delnor's strong financial profile, good market strength in a favorable demographic service area, and position as a regionally based system with a focus on several key high-acuity service lines. The consolidated system's financial profile is dominated by CDH, given the smaller scale of operations at Delnor. We anticipate that CDH-Delnor will maintain its strong financial profile as services on both campuses are enhanced and as management continues to focus on expenses, and we anticipate that the operations of Delnor, which in recent years has had light (though positive) operating performance levels and volume declines, will improve. The market remains fairly competitive and there have been several mergers and consolidations in the larger geographic region, possibly making market dynamics a little more fluid.

More specifically, the 'AA' rating reflects our view of CDH-Delnor's:

- Healthy levels of unrestricted liquidity, with approximately 471 days' cash on hand at June 30, 2011 for CDH-Delnor and approximately 544 days' at June 30, 2011 for CDH, and with a fairly conservative investment allocation helping to maintain the stability of unrestricted liquidity levels;
- Continued robust profitability, with an operating margin of 3.6% for the quarter ended June 30, 2011 for

CDH-Delnor and with CDH generating a third consecutive year of strengthened operating margins of 10.7% for the full fiscal year ended June 30, 2011;

- Strong 4.1x pro forma maximum annual debt service coverage (MADS) in fiscal 2011 for CDH (including all debt for CDH-Delnor except for CDH's series 2000 PARS, which will be fully redeemed on Dec. 20, 2011);
- Management team, which has implemented a strategic plan to enhance its facilities and operations and which will broaden some of its key strategic initiatives at Delnor over the next few years;
- Location in an economically and demographically favorable service area, with a dominant 65% market share in its primary service area (despite competition in the suburban Chicago market); and
- Slightly more moderate debt levels as indicated by roughly 30% debt to capitalization and a debt burden of almost 4% (for both CDH and CDH-Delnor).

Management refinanced the CDH obligated group's \$127.2 million series 2004 variable-rate demand bonds (VRDB) and Delnor's \$58.4 million series 2008A VRDBs with three series of direct placement debt with JPMorgan Chase and has maintained overall levels of contingent liability. Unrestricted cash to contingent liabilities is a strong 615% and CDH-Delnor no longer has any puttable debt. CDH maintains a contingent liability for approximately \$31.8 million of debt related to its senior living business, which was sold in 2009. The put option on that debt could be exercised should the new owner of the business be unable to meet certain covenants. To date, CDH has not had to support any of the divested entity's debt obligations.

The sole member of both Central DuPage Hospital (313 licensed beds) and Delnor-Community Hospital (159 licensed beds) is CDH-Delnor Health System. CDH-Delnor Health System (formerly known as Central DuPage Health) and Central DuPage Hospital are members of the CDH obligated group, while Delnor remains a separate obligated group. Management reports that it intends to collapse the Delnor obligated group into the CDH obligated group should Delnor bondholders agree to accept the CDH obligated group security package. Management reports that until such time, each obligated group will remain solely responsible for its obligated debt (prior to the merger and including the recently issued direct placement debt). Other entities that are part of the CDH-Delnor system but are not part of the obligated groups are Community Nursing Service of DuPage County Inc.; Central DuPage Physician Group, which employs approximately 111 physicians; foundations for both Delnor and CDH; and a residential living facility. While the unrestricted receivables of the CDH obligated group secure the CDH obligated group debt, such pledge will be eliminated on Dec. 20, 2011, when CDH redeems its series 2000 bonds. After the redemption, remaining CDH obligated group debt will be general obligations of the CDH obligated group. Delnor obligated debt is secured by the gross receivables of and a springing mortgage on Delnor. Delnor has approximately \$129 million of debt that we have incorporated into the consolidated system analysis. Total debt at CDH is approximately \$470 million, and total debt of CDH-Delnor is approximately \$600 million.

Outlook

The stable outlook reflects our view of significant flexibility derived from CDH's strong cash balances and good trend of strong operating performance along with its business position. While CDH-Delnor's financial profile remains quite strong and its geographic footprint has expanded with the merger of the two organizations, the broader metropolitan Chicago market remains competitive and continues to see consolidation and a potentially evolving landscape. CDH-Delnor's concentration in a relatively limited but demographically favorable geographic area requires strong liquidity with consistently strong performance as a consolidated entity. We could consider raising the rating as the merger is fully digested and if Delnor's operations improve. In addition, we could raise the

rating if CDH's and CDH-Delnor's operating margins and cash on hand remain at current levels with a continued trend of declines in debt levels.

Although we do not expect to do so over the next one to two years given CDH-Delnor's strong market position, financial cushion at the current rating level, and management and the board's ability to exceed its budget for the past few years, we could lower the rating if operating margins decrease and are sustained at less than 3% or if cash on hand declines to 200 days. However, we do not anticipate that such a situation is likely to occur, based on historical trends and the ability of management and the board to manage CDH-Delnor's overall operating performance and balance sheet.

Enterprise Profile

Market

The combined organization of CDH and Delnor has close to \$1 billion of operating revenues, with CDH's revenue base accounting for about three-fourths of that total. The merger with Delnor creates an expanded footprint for the system in the western suburbs of Chicago, from Sycamore in the west to Lombard in the east, with the combined organization maintaining a dominant market position of 65% in a fairly competitive service area. Several hospitals have service areas that overlap in CDH's larger service area, including Alexian Brothers Medical Center to the northeast, Sherman Hospital (BBB/Stable) to the northwest, Edward Hospital (A+/Stable) to the south, Advocate Good Samaritan (part of Advocate Health Care; AA/Stable) to the southeast, and Elmhurst Hospital to the east. In addition, recent consolidations in the broader market could affect broader market dynamics. CDH-Delnor's geographic area has maintained fairly favorable demographics, including a favorable payer mix with about 50% of gross revenues coming from commercial payers, and population growth in certain parts of the greater service area, specifically in Delnor's immediate service area.

In recent years, CDH has focused on key service lines that support its solid business position: cardiac care, pediatrics, cancer, stroke, and orthopedics. Management aims to enhance some of the same services at Delnor to enhance its competitive position. The consolidated system now employs 111 physicians (compared with 48 in 2008) and continues to focus on physician alignment strategies.

Utilization

CDH, which is in a competitive service area with a relatively stable population, continues to increase volumes (albeit at a much slower rate than that of a few years ago) and market share as management has focused on key service lines. We anticipate that although there may be some moderate growth on the inpatient side, particularly in some of the areas of focus, CDH will likely experience more outpatient growth. Acute-care admissions at CDH grew by a slight 0.8% to 22,336 in 2011, following a similar trend for fiscal 2010. Both inpatient surgeries and outpatient surgeries declined in 2011, by 2% to 8,717 and 5.9% to 16,641, respectively, due partially to the ongoing economic challenges.

Delnor has exhibited more steady volume declines over the past few years as competition has increased, particularly to the north with the opening of Sherman's replacement hospital on Randall Road. In 2011, inpatient admissions declined 3.7% to 8,557, but since fiscal 2008, admissions have declined 16%. Surgeries followed a similar trend, with declines of 9.2% to 3,128 for inpatient surgeries and 7.1% to 5,579 for outpatient surgeries in 2011. We anticipate that CDH's experience in employing physicians and expanding services should help Delnor stabilize volumes within its market over the next few years.

Management

With the merger of the two systems, the CEO of CDH, Luke McGuinness, has become CEO of the CDH-Delnor Health System. The 20-member board of CDH-Delnor has equal representation from the two hospitals.

Management has historically been effective at implementing its strategic plan and generating volumes for its key service lines, and this, along with strong cost controls, has allowed CDH to either meet or exceed its budget for the past five years. We believe that this experience, along with continued focus on process improvement and the use of data to manage the cost and quality of care (partially from the use of Epic as its electronic health record system), should allow CDH-Delnor to continue to generate strong operating performance.

Financial Profile

Income statement

For fiscal 2011, CDH posted a strong operating income of \$78.2 million (or a 10.7% margin), compared with \$69.8 million (or a 10.3% margin) posted in fiscal 2010. The operating income for the combined CDH-Delnor system for the quarter ended June 30, 2011 was \$8.8 million (3.6% margin) and on a full-year pro forma basis (unaudited) would have been \$82 million had the two entities been combined on July 1, 2010. Through the first quarter of fiscal 2012, CDH-Delnor generated an unaudited \$24.3 million (9.8% margin) of operating income. Management attributed its strong operations to a good payer mix and continued focus on increasing top-line revenues, particularly in the outpatient area and along key service lines, in conjunction with minimal expense growth. The last quarter of fiscal 2011 did have some merger-related expenses that contributed to the softer operating income levels. CDH continues to focus on key higher-acuity and higher-intensity service lines. Excess income, excluding unrealized losses on investments and changes in swap valuation, amounted to \$90.1 million (12.1% margin) for fiscal 2011, on par with the prior year's \$87.8 million (12.7% margin). This, along with strong operations, contributed to good pro forma MADS coverage of 4.1x. For the quarter ended June 30, 2011, CDH-Delnor generated excess income of \$16 million (6.4% margin), contributing to still good MADS coverage of 3.9x. Debt service coverage excludes partial guarantees of approximately \$4.4 million on joint-venture debt that totals \$11.3 million.

Management expects to continue its focus on expense management while increasing outpatient revenues and reducing costs of delivery of care. We believe that this focus, coupled with efficiencies and service line enhancements at Delnor, make CDH-Delnor's \$95 million operating income budget for fiscal 2012 an attainable goal.

Balance sheet

CDH's unrestricted liquidity levels, which totaled \$915 million at June 30, 2011 (equal to 544 days' cash on hand), grew 10.1% over the prior year. (All unrestricted cash levels have been adjusted to exclude cash that is equal to the full long-term self-insurance liability.) Unrestricted cash to long-term debt for CDH continued to improve to 196% at June 30, 2011, with leverage at a reasonable 29%. At June 30, 2011, the combined CDH-Delnor system looked similar to CDH, with unrestricted cash at \$1.1 billion, equal to 471 days' cash on hand, 192% cash to long-term debt, and 30% leverage. As part of its strategic efforts around care delivery and provision of higher-acuity services, capital plans for construction, and improvements to the hospital campus, CDH has spent on average 252% of annual depreciation expense over the past three years and recently completed a five-story, 280,000-square-foot bed pavilion (with 202 medical-surgical private rooms) and its Epic information technology (IT) investment. Average age of plant for both CDH and CDH-Delnor is low, at 6.6 years for CDH and 6.8 years for CDH-Delnor. Capital expenditures for CDH-Delnor are budgeted at approximately \$179 million for 2012, with amounts set aside for

implementation of Epic at both campuses, a new cancer center at Delnor, and other building and IT-related projects. We expect that if operating cash flow (budgeted at \$204 million for fiscal 2012) remains robust, unrestricted liquidity levels should continue to improve and maintain pace with the expense growth. A conservative investment allocation has aided CDH's maintenance of liquidity levels with approximately 22% of investments in equities and alternative investments, but management expects the percentage allocated to equities and alternatives to increase to 30% over the next six months.

Debt Derivative Profile

CDH is party to two variable- to fixed-rate swaps with Morgan Stanley Capital Services Inc. (guaranteed by 'A' rated Morgan Stanley) for a total notional amount of \$130 million. Standard & Poor's assigned CDH a Debt Derivative Profile (DDP) overall score of '2' on a four-point scale, with '1' representing the lowest risk. The score of '2' represents a low credit risk.

The overall DDP score of '2' denotes a low credit risk due to:

- The minimal counterparty and termination risk because of the strongly rated counterparty and obligor, with no collateral posting required by either party;
- The swap's average economic viability over stressful economic cycles due, in large part, to the swaps' long maturities (2038); and
- Adequate management oversight and disclosure practices.

CDH's net variable-rate exposure, including the swaps, is approximately 3%. There is also one swap with shorter maturities at one of CDH's joint ventures, for a total notional amount of about \$3.9 million, half of which is subject to CDH's guarantees. We have not fully incorporated this swap into the DDP score, but this swap has a negative mark-to-market value of approximately \$575,000 with no collateral posting required, approximately \$288,000 of which is subject to CDH's guarantee with the bank.

Delnor also has two variable- to fixed-rate swaps, with UBS AG as the counterparty, for a total notional amount of \$68.2 million. Standard & Poor's also assigned Delnor a DDP score of '2'.

The overall DDP score of '2' denotes a low credit risk due to:

- Moderate-to-low risk of termination due to a highly rated counterparty and obligor, with no collateral posting required by Delnor given that Assured Guaranty insures the swap;
- The swap's low economic viability over stressful economic cycles due, in large part, to the swaps' long maturities (2032 and 2033); and
- Adequate management oversight and disclosure practices.

Delnor has 0% net variable-rate exposure after taking into account the effect of the swaps.

The four swaps for CDH-Delnor at Aug. 31, 2011 had a negative mark-to-market value of \$30.1 million, with no collateral posted at that time.

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Central DuPage Health And Affiliates Financial Statistics

	--Quarter ended Sept. 30*--	--Quarter ended June 30*--	--Fiscal year ended June 30--		
	2012	2011	2011	2010	2009
Income statement and cash flow					
Operating revenue (\$000s)	249,431	242,525	730,720	676,107	646,677
Total expenses (\$000s)	225,099	233,765	652,551	606,301	584,901
Operating income (\$000s)	24,332	8,760	78,169	69,806	61,776
Operating margin (%)	9.8	3.6	10.7	10.3	9.6
Net nonoperating revenue	8,560	6,774	11,919	18,009	21,222
Excess income (\$000s)	32,892	15,534	90,088	87,815	82,998
Excess margin (%)	12.7	6.2	12.1	12.7	12.4
EBIDA/total revenue (%)	23.5	14.8	21.1	21.3	21.2
Capital expenditures (\$000s)	N.A.	38,703	138,161	146,398	94,838
Debt					
Net available for debt service (\$000s)	60,617	36,914	156,428	147,971	141,471
Maximum debt service (\$000s)	38,038	38,038	38,038	32,501	32,501
Maximum debt service coverage (x)	6.4	3.9	4.1	4.6	4.4
Maximum debt service-to-total revenue (%)	3.7	3.8	5.1	4.7	4.9
Balance sheet					
Unrestricted cash and investments (\$000s)	1,139,979	1,141,108	915,019	830,888	854,545
Unrestricted days' cash on hand	493	471	544	530	568
Unrestricted cash/debt (%)	191.4	191.7	196.0	177.0	172.0
Cushion ratio (x)	30.0	30.0	24.1	25.6	26.3
Net fixed assets (\$000s)	826,847	818,279	646,683	562,305	497,879
Long-term debt (\$000s)	595,451	595,402	466,854	469,391	496,949
Unrestricted fund balance (\$000s)	1,368,558	1,410,428	1,161,549	1,022,716	870,285
Debt/capitalization (%)	30.3	29.7	28.7	31.5	36.3
Average age of plant (years)	6.8	7.0	6.6	6.6	8.4

*Unaudited. †Data reflects the consolidated system of CDH/Delnor; prior fiscal years consist of the audited Central DuPage Health financials.

Related Criteria And Research

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Debt Derivative Profile Scores, March 27, 2006

Ratings Detail (As Of November 23, 2011)

Illinois Fin Auth, Illinois

Central DuPage Health, Illinois

Illinois Finance Authority (Central DuPage Health)

Long Term Rating

AA/Stable

Affirmed

Many issues are enhanced by bond insurance.

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Fitch Ratings

FITCH AFFIRMS CDH HEALTH SYSTEM (IL) REVS AT 'AA'; OUTLOOK STABLE

Fitch Ratings-Chicago-25 October 2011: As part of its ongoing surveillance efforts, Fitch Ratings has affirmed the 'AA' rating on the following revenue bonds issued on behalf of Central DuPage Health (CDH):

- \$90,000,000 Illinois Finance Authority, series 2009;
- \$240,000,000 Illinois Finance Authority, series 2009B;
- \$12,175,000 Illinois Health Facilities Authority, series 2000A.

The Rating Outlook is Stable

SECURITY

The bonds are unsecured obligations of the obligated group. They are not secured by a pledge of mortgage on or security interest in any obligated group assets.

KEY RATING DRIVERS

Substantial Balance Sheet Strength: CDH's strong cash flow generation has led to a very robust liquidity position with indicators that exceed Fitch's 'AA' category medians.

Strong Operating Profitability: CDH has sustained robust operating profitability with average operating and operating EBITDA margin of 9.6% and 18.9%, respectively, over the last four fiscal years (2008-2011).

Dominant Market Position: With the recent merger with Delnor-Community Hospital, CDH and Delnor combined have a 65.1% market share in their collective primary service area.

High but Manageable Debt Burden: CDH's debt burden is somewhat high with maximum annual debt service (MADS) representing 4.3% of fiscal 2011 revenues as compared to the 'AA' median of 2.8%, but because of the robust profitability, debt service coverage remains solid.

CREDIT PROFILE

The 'AA' rating reflects CDH's ample liquidity, consistently robust profitability and leading market share position as a tertiary provider in the west suburban area of Chicago.

For fiscal 2011 (year ending June 30), CDH's financial performance remained very strong as evidenced by operating and operating EBITDA margins of 10.7% and 19.8%, respectively, both well exceeding the 'AA' category medians of 4.3% and 10.6%. Moreover, fiscal 2011 marked the third consecutive year of year-over-year improvement in operating, operating EBITDA and net EBITDA margins. As a result of CDH's strong operating performance, liquidity metrics are excellent. At June 30, 2011, CDH's unrestricted cash and investments totaled \$923.7 million which equates to a very strong 612.2 days cash on hand, 29.1 times (x) cushion ratio and 197.9% cash to debt, all well exceeding the respective 'AA' category medians of 240 days, 22.4x cushion and 159% cash to debt. CDH's debt burden is somewhat elevated as indicated by MADS (\$31.7 million) equating to 4.3% of fiscal 2011 total revenues when compared to the 'AA' category median of 2.6%. However, CDH's robust profitability has generated MADS coverage by EBITDA of 4.6x and 5x in fiscal 2010 and 2011, respectively.

On April 1, 2011, CDH merged with Delnor-Community Health System located in Geneva, IL. At June 30, 2011, Delnor had approximately \$126.7 million of revenue bonds outstanding, which are not rated by Fitch. Currently the obligated groups securing the debt of CDH and Delnor, respectively, will remain separate. Given the strength of CDH's history of robust operating performance and exceptionally strong balance sheet, Fitch expects ongoing financial results of the combined system to exceed 'AA' category medians despite the immediate effects of the merger,

acquisition, including an expanded regional presence and further physician alignment, are viewed positively by Fitch and outweigh any short-term dip in financial performance.

Based on three months of consolidated audited results of CDH-Delnor Health System for the period ended June 30, 2011, CDH-Delnor's balance sheet metrics are robust with 524.7 days cash on hand, 28.7x cushion ratio and 193.6% cash to long-term debt. Profitability indicators are somewhat diluted with operating margin and operating EBITDA margins of 3.6% and 12.4%, respectively. However, Fitch expects profitability to improve as CDH-Delnor achieves the benefits of a system approach to care. Additionally, management continues to focus on investing in its key service lines, including pediatrics, neurosciences, orthopedics, oncology and cardiology, attracting specialists and sub-specialists that historically have strategically differentiated CDH from its competitors and transformed the hospital into a tertiary medical center. CDH has benefited from its integrated delivery strategy, which has resulted in a strong referral network through its growing employed physician base, which totaled 111 physicians as of October 2011.

The primary credit concerns include CDH-Delnor's relatively high debt burden and the highly fragmented Chicagoland service area. MADS for CDH-Delnor equated to a high 4.1% of fiscal 2011 revenues at June 30, 2011 (three months of consolidated results), compared to the 'AA' category median of 2.6%. MADS coverage by EBITDA of 2.8x during the same time period is somewhat below the 'AA' category median of 5x, but expected to improve closer to CDH's historical three-year average of 4.3x (2008-2011) going forward as CDH and Delnor achieve some economies of scale over the next year. Also, CDH completed its bed tower project and emergency department expansion in 2011 and does not have plans to issue additional debt in the near-to-medium term.

The Stable Outlook reflects Fitch's expectation that the CDH-Delnor merger will result in an expanded regional presence leading to financial performance that continues to meet or exceed Fitch's 'AA' category medians.

Total combined outstanding debt for CDH-Delnor as of June 30, 2011 was approximately \$595.4 million, of which, about 66% is fixed rate, 2% is auction rate and about 31% is variable rate that has been placed with a bank through a direct purchase and is not rated by Fitch. CDH has a total of \$212.1 million notional of fixed payer swaps with Morgan Stanley and UBS AG, as counterparties. As of Aug. 31, 2011, the total mark-to-market valuation on the swap portfolio was negative \$48.7 million; however, there is no collateral posting requirement.

CDH-Delnor Health System includes Central DuPage Health, which is a 313 licensed bed hospital located in Winfield, IL, approximately 30 miles west of Chicago, and Delnor Hospital, which is a 159 bed hospital located in Geneva, IL, approximately 40 miles west of Chicago. CDH-Delnor had combined total revenues of \$242.5 million in fiscal 2011 (three months of consolidated results). Total revenues for the year ended June 30, 2011 as if the merger had occurred July 1, 2010 would be \$951.5 million. CDH covenants to disclose annual financial information within 150 days of each fiscal year-end and quarterly information within 60 days of the first three fiscal quarter-ends to EMMA.

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Applicable Criteria and Related Research:

- Revenue-Supported Rating Criteria (June 20, 2011);
- Nonprofit Hospitals and Health Systems Rating Criteria' (Aug. 12, 2011).

For information on Build America Bonds, visit www.fitchratings.com/BABs.

Applicable Criteria and Related Research:

Revenue-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=637130

Nonprofit Hospitals and Health Systems Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=648836

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**APPENDIX A
FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE**

Complete the following for the facility for which the change of ownership is requested. The facility's bed and dialysis station capacity must be consistent with the State Board's Inventory of Health Care Facilities.

FACILITY NAME Delnor Community Hospital CITY: Geneva, IL

1. Indicate (by placing an "X") the type of facility for which the change of ownership is requested:

Hospital; Long-term Care Facility; Dialysis Facility; Ambulatory Surgical Treatment Center.

2. Provide the bed capacity by category of service:

SERVICE	# of Beds	SERVICE	# of Beds
Medical/Surgical	<u>121</u>	Nursing Care	_____
Obstetrics	<u>18</u>	Shelter Care	_____
Pediatrics	_____	DD Adults*	_____
Intensive Care	<u>20</u>	DD Children**	_____
Acute Mental Illness	_____	Chronic Mental Illness	_____
Rehabilitation	_____	Children's Medical Care	_____
Neonatal Intensive Care	_____	Children's Respite Care	_____

*Includes ICF/DD 16 and fewer bed facilities; **Includes skilled pediatric 22 years and under

3. Chronic Renal Dialysis: Enter the number of ESRD stations: _____

4. Indicate (by placing an "X") those categories of service for which the facility is approved.

<input checked="" type="checkbox"/> Cardiac Catheterization	_____ Open Heart Surgery
_____ Subacute Care Hospital Model	_____ Kidney Transplantation
_____ Selected Organ Transplantation	_____ Postsurgical Recovery Care Center Model

5. Non-Hospital Based Ambulatory Surgery and Ambulatory Surgical Treatment Centers

Indicate (by placing an "X") if the facility is a limited or multi-specialty facility and indicate the surgical specialties provided.

_____ Cardiovascular	_____ Ophthalmology
_____ Dermatology	_____ Oral/Maxillofacial
_____ Gastroenterology	_____ Orthopedic
_____ General/Other (includes any procedure that is not included in the other specialties)	_____ Otolaryngology
_____ Neurological	_____ Plastic Surgery
_____ Obstetrics/Gynecology	_____ Podiatry
	_____ Thoracic