

ORIGINAL

E-024-13

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

RECEIVED

NOV 07 2013

HEALTH FACILITIES &
SERVICES REVIEW BOARD

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name Prairie Surgicenter Associates, LLC
Address 2020 West Iles Avenue
City Springfield Zip Code 62704 County Sangamon
Name of current licensed entity for the facility Prairie Surgicenter Associates, LLC
Does the current licensee: own this facility _____ OR lease this facility X (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. William McCann
State Senate District Number 50 Mailing address of the State Senator 105 East Capitol Building,
Springfield, IL 62706
Illinois State Representative for the district where the facility is located: Rep. Raymond Poe
State Representative District Number 99 Mailing address of the State Representative E-1 Stratton Office
Building, Springfield, IL 62706

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 X. If yes, refer to Section 1130.520(f), and indicate the projects by Project # None

3. FACILITY'S BED OR DIALYSIS STATION CAPACITY BY CATEGORY OF SERVICE (Complete "APPENDIX A" attached to this application)

4. FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100 (Complete "APPENDIX A" attached to this application)

5. NAME OF APPLICANT (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis
Address 800 East Carpenter Street
City, State & Zip Code Springfield, IL 62729
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 St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis d/b/a Prairie Surgery Center at St. John's Hospital
Address 800 East Carpenter Street
City, State & Zip Code Springfield, IL 62729
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 _____

7. 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 The Kane-Yeh Family Limited Partnership
Address 4920 Foxhall Lane
City, State & Zip Code Springfield, IL 62711
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 _____

CO-APPLICANTS

Exact Legal Name of Applicant Hospital Sisters Health System
Address 4936 LaVerna Road
City, State & Zip Code Springfield, IL 62707
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 _____

Exact Legal Name of Applicant Hospital Sisters Services, Inc.
Address 4936 LaVerna Road
City, State & Zip Code Springfield, IL 62707
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:** \$ 8,500,000
12. **FAIR MARKET VALUE OF THE FACILITY:** \$ 8,500,000
(to determine fair market value, refer to 77 IAC 1130.140)
13. **DATE OF PROPOSED TRANSACTION:** On or before January 2, 2014
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: Amy K. Bulpitt, Vice President Legal Affairs, Central Illinois Division
 Address: 800 East Carpenter Street

City, State & Zip Code: Springfield, IL 46279
Telephone (217) 544-6464 Ext. 48336 _____

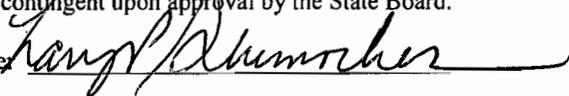
19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: Mark Swearingen, Esq., Hall, Render, Killian, Heath & Lyman, P.C.
Address: One American Square, Suite 2000
City, State & Zip Code: Indianapolis, IN 46282
Telephone (317) 977-1458 Ext. _____

20. **CERTIFICATION**

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 Larry P. Schumacher

Title of Authorized Officer: Interim President & CEO, St. John's Hospital

Address: 800 East Carpenter Street

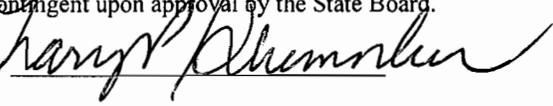
City, State & Zip Code: Springfield, IL 46279

Telephone (217) 523-4747 Date: _____

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

CO-APPLICANT CERTIFICATION

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: Larry P. Schumacher

Title of Authorized Officer: Chief Operating Officer

Co-Applicant Name: Hospital Sisters Health System

Address: 4936 LaVerna Road

City, State & Zip Code: Springfield, IL 62707

Telephone (217) 523-4747 Date: _____

CO-APPLICANT CERTIFICATION

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 Ann M. Carr

Typed or Printed Name of Authorized Officer: Ann Carr _____

Title of Authorized Officer: Treasurer _____

Co-Applicant Name: Hospital Sisters Services, Inc. _____

Address: 4936 LaVerna Road _____

City, State & Zip Code: Springfield, IL 62707 _____

Telephone (217) 523-4747 _____ Date: _____

**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 Prairie Surgicenter Associates, LLC CITY: Springfield

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	_____	Nursing Care	_____
Obstetrics	_____	Shelter Care	_____
Pediatrics	_____	DD Adults*	_____
Intensive Care	_____	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: N/A

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

<input type="checkbox"/> Cardiac Catheterization	<input type="checkbox"/> Open Heart Surgery
<input type="checkbox"/> Subacute Care Hospital Model	<input type="checkbox"/> Kidney Transplantation
<input type="checkbox"/> Selected Organ Transplantation	<input type="checkbox"/> 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.

<input type="checkbox"/> Cardiovascular	<input checked="" type="checkbox"/> Ophthalmology
<input type="checkbox"/> Dermatology	<input type="checkbox"/> Oral/Maxillofacial
<input type="checkbox"/> Gastroenterology	<input checked="" type="checkbox"/> Orthopedic
<input type="checkbox"/> General/Other (includes any procedure that is not included in the other specialties)	<input type="checkbox"/> Otolaryngology
<input type="checkbox"/> Neurological	<input type="checkbox"/> Plastic Surgery
<input type="checkbox"/> Obstetrics/Gynecology	<input type="checkbox"/> Podiatry
	<input type="checkbox"/> Thoracic
	<input type="checkbox"/> Urology

ATTACHMENT #1

[APPLICATION FEE ENCLOSED]



ATTACHMENT #2**FUNDING**

This project will be funded through existing cash reserves of St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis.

ATTACHMENT #3**NARRATIVE DESCRIPTION**

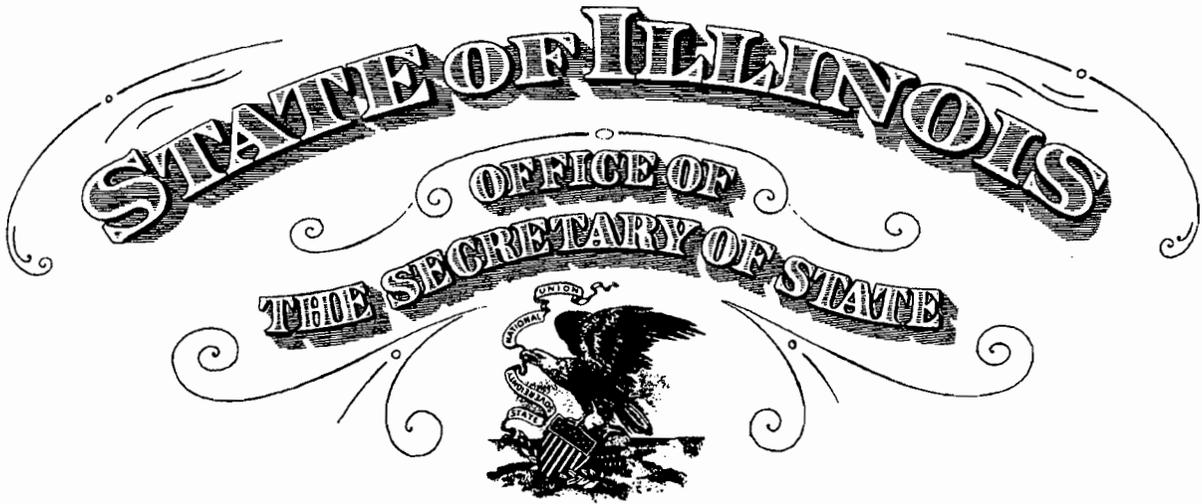
St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis (the "Hospital") intends to purchase an existing licensed ambulatory surgical treatment center (the "ASTC"). The ASTC is located in Springfield in space that is owned by Kane-Yeh Family Limited Partnership and leased to the ASTC. The ASTC currently is licensed to Prairie Surgicenter Associates, LLC under license number 7003147. The ASTC is a multi-specialty surgical center that has provides orthopedic and ophthalmologic surgery services. Sandra Yeh, M.D. is the majority and controlling owner of the ASTC and is responsible for its day-to-day management and oversight.

The transaction will take the form of an asset purchase. The Hospital will not acquire the debts and other liabilities and obligations of the ASTC. The Hospital will purchase the assets of the ASTC for the price of \$8,500,000.

ATTACHMENT #4

See attached Certificates of Good Standing for the following entities:

1. St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis
2. Hospital Sisters Health System
3. Hospital Sisters Services, Inc.



To all to whom these Presents Shall Come, Greeting:

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

ST. JOHN'S HOSPITAL OF THE HOSPITAL SISTERS OF THE THIRD ORDER OF ST. FRANCIS, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 03, 1955, 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.



Authentication #: 1330801216

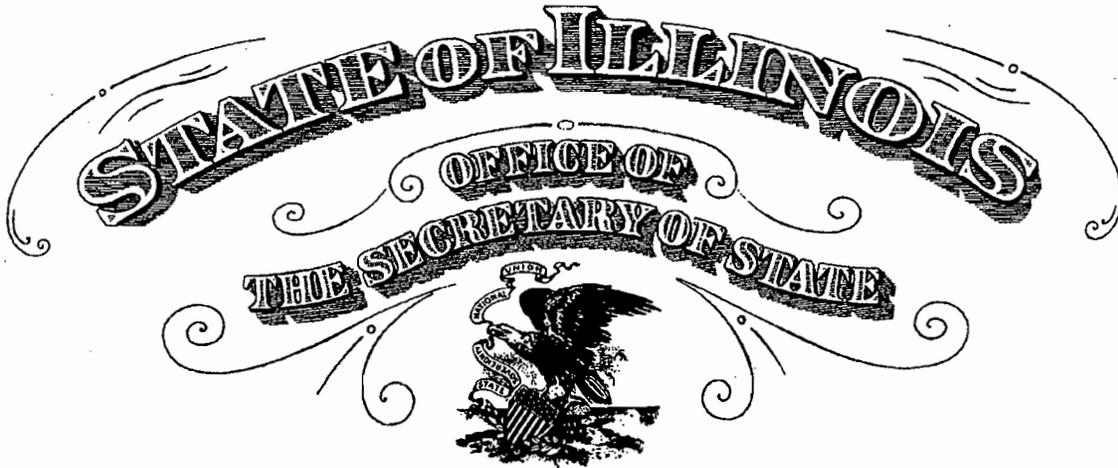
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 4TH
day of NOVEMBER A.D. 2013 .

Jesse White

SECRETARY OF STATE

File Number 5163-355-5



To all to whom these Presents Shall Come, Greeting:

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

HOSPITAL SISTERS HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 26, 1978, 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.



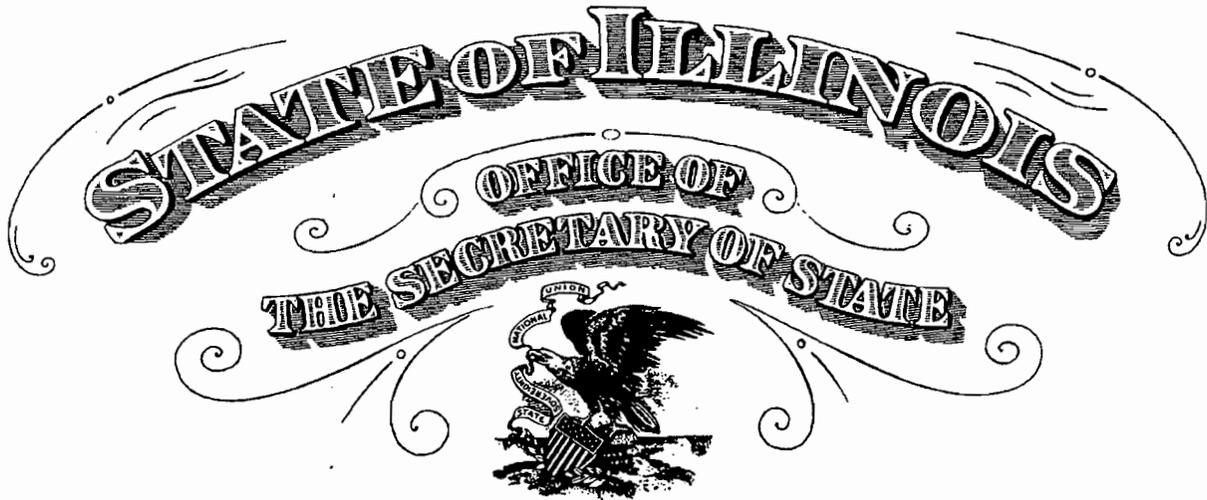
Authentication #: 1308102100

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 22ND day of MARCH A.D. 2013

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

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

HOSPITAL SISTERS SERVICES, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 04, 1983, 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.



Authentication #: 1322500602

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 13TH day of AUGUST A.D. 2013 .

Jesse White

SECRETARY OF STATE

ATTACHMENT #5

Attached please find an unexecuted copy of the Asset Purchase Agreement between St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Prairie Surgicenter Associates, LLC, and Sandra Yeh, M.D. The parties have agreed on the key terms of the Asset Purchase Agreement, but are still finalizing some other minor terms and thus have not yet signed. Once fully executed, a signed version of the Asset Purchase Agreement will be provided.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“Agreement”) is made effective as of the ___ day of _____, 2013 (“Effective Date”), by and among **Prairie Surgicenter Associates, LLC**, an Illinois limited liability company (“ASC”), **Sandra Yeh, M.D. (“Dr. Yeh”)** and **St. John’s Hospital of the Hospital Sisters of the Third Order of St. Francis**, an Illinois not-for-profit corporation (“Buyer”).

WITNESSETH

WHEREAS, ASC operates an ambulatory surgery center located at 2020 West Iles Avenue, Springfield, Illinois (the “Center”) and desires to sell substantially all of the tangible and intangible assets of ASC to Buyer and cause Buyer to assume the operation of the Center on the terms and conditions set forth in this Agreement; and

WHEREAS, Buyer desires to assume the operation of the Center through the purchase of substantially all of the tangible and intangible assets of ASC and the assumption of certain contracts and leases of ASC upon the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASC and Buyer hereby agree as follows:

1. TRANSFER OF ASSETS.

1.1 Subject to the terms and conditions herein set forth, ASC, for and in consideration of the payment of the consideration and the performance of the covenants hereinafter mentioned, at the Closing (defined below) shall transfer and convey to Buyer, free and clear of all liens, claims, pledges, charges, mortgages, security interests or encumbrances of any kind, all of the assets used by ASC to conduct its business operations at the Center (collectively, the “Assets”) which shall include, but are not limited to, the assets listed in Schedule 1A.

1.2 Notwithstanding Section 1.1, each of the assets listed on the attached Schedule 1B (collectively, the “Excluded Assets”) shall be not be conveyed by ASC to Buyer at Closing and shall remain the sole property of ASC.

1.3 ASC shall transfer and convey the Assets to Buyer at Closing by delivery of a Bill of Sale executed and delivered by ASC in the form attached hereto as Exhibit A.

2. ASSUMED CONTRACTS. Subject to the terms and conditions herein set forth, for and in consideration of the payment of the Purchase Price and the performance of the covenants hereinafter mentioned, at the Closing ASC shall assign to Buyer and Buyer shall assume from ASC, all of ASC’s rights and obligations arising on and after the Closing Date under the leases and contracts listed on the attached Schedule 2 (such assigned and assumed contracts will be referred to herein as the “Assumed Contracts”). The Assumed Contracts will

be assigned to, and assumed by, Buyer pursuant to an Assignment and Assumption Agreement to be executed and delivered by ASC and Buyer at Closing in the form attached hereto as **Exhibit B**. Any costs of transfer of the Assumed Contracts to Buyer, other than ASC's attorney's fees if any, shall be the responsibility of Buyer. Any contract that is not an Assumed Contract shall be an "**Excluded Contract**" and all rights and obligations of ASC under each Excluded Contract shall remain solely those of ASC after Closing, which shall include, but not be limited to, contracts and agreements pertaining to any Excluded Assets.

3. PAYMENT OF PURCHASE PRICE.

3.1 At Closing, Buyer agrees to pay a total purchase price for the assets of ASC of \$8,500,000.00 (the "**Purchase Price**") as follows:

(a) a total of \$7,225,000.00, representing Eighty-Five percent (85%) of the Purchase Price, shall be paid by the Buyer via federal wire transfer of immediately available funds to the account of ASC specified in written wiring instructions provided by ASC to Buyer prior to the Closing Date; and

(b) a total of \$1,275,000.00, representing Fifteen percent (15%) of the Purchase Price (the "**Escrow Amount**") shall be deposited by Buyer with [NAME OF BANK], as escrow agent (the "**Escrow Agent**") via federal wire transfer of immediately available funds to an account established by the Escrow Agent for such purpose as specified in written wiring instructions provided by Escrow Agent to Buyer prior to the Closing Date. The Escrow Amount will be held by the Escrow Agent pursuant to the terms of an escrow agreement in substantially the form attached as **Exhibit C** (the "**Escrow Agreement**"). Any portion of the Escrow Amount that has not been paid by the Escrow Agent to Buyer Indemnified Parties (defined in Section 7.3 hereof) to satisfy indemnity claims of such Buyer Indemnified Parties under Section 7.3 hereof shall be released by the Escrow Agent to ASC on the first anniversary of the Closing Date; provided, however, that if on or prior to such date a Buyer Indemnified Party has, in good faith, given notice to the Escrow Agent and ASC of any claim or liability for which such Buyer Indemnified Party is duly entitled to indemnification by ASC under Section 7.3 hereof, a portion of the Escrow Amount equal to the aggregate amount that would be payable to such Buyer Indemnified if it were determined to be entitled to indemnification with respect to such claim or liability shall remain on deposit with the Escrow Agent until the time such claim or liability is resolved, either by mutual agreement of the parties or pursuant to a final non-appealable order of a court of competent jurisdiction. Buyer and ASC will each be responsible for one-half of the fees and expenses of the Escrow Agent.

3.2 The Buyer and ASC have agreed on a final allocation of the Purchase Price among the Assets, or classes of Assets, conveyed to Buyer by ASC pursuant hereto, which is outlined in **Schedule 3.2**. To the extent permitted by applicable law, ASC and Buyer will each adopt and utilize the amounts allocated to each Asset or class of Assets for purposes of all federal, state and other income tax returns or reports of any nature filed by it, including the filing of IRS Form 8594 and neither will voluntarily take any position inconsistent therewith upon examination of any such tax returns or reports, in any claim for refund, in any litigation, or otherwise with respect to such tax returns or reports.

Notwithstanding any other provisions of this Agreement, the foregoing agreement shall survive the Closing Date (defined below) without limitation.

4. ASSUMED AND EXCLUDED LIABILITIES.

4.1 All liabilities arising on and after the Closing Date under the Assumed Contracts and all liabilities relating to the use of the Assets by Buyer and the operation of the Center on and after the Closing Date (including, without limitation, payroll, accounts payable and taxes that may become owing as a result of the Buyer's use of the Assets and operation of the Center following the Closing) shall be assumed by, and will be the exclusive responsibility of, the Buyer (the "**Assumed Liabilities**").

4.2 Notwithstanding anything to the contrary herein, the Buyer shall not assume or be liable for any liabilities or obligations of ASC other than the Assumed Liabilities (all liabilities not assumed by the Buyer are referred to collectively as the "**Excluded Liabilities**"). The Excluded Liabilities shall include, but are not limited to, the following:

(a) Any liability or obligation relating to claims arising from services performed by ASC, or the operation of the ASC, before the Closing Date;

(b) Any liability arising before the Closing Date under the Assumed Contracts and any liability relating to the use of the Assets by ASC before the Closing Date.

(b) Any liability or obligations relating to ASC's employee benefit plans or compensation arrangements;

(c) Any liabilities or obligations of the ASC to former employees of, or former independent contractors;

(d) Any liabilities with respect to taxes of ASC;

(e) Outstanding accounts payable of ASC;

(f) Any liabilities or obligations relating to the medical malpractice case described in **Schedule 8.8**;

(g) Any liabilities arising out of the Excluded Contracts; and

(h) Any contingent or unknown liability of ASC that arises out of an event occurring prior to the Closing Date.

5. CLOSING.

5.1 The closing hereunder ("**Closing**") shall take place and be effective on January 2, 2014, at 12:01 a.m., or such other date and time as Buyer and ASC shall agree, but in

no event earlier than the satisfaction, or waiver by the appropriate party, of each of the conditions to closing set forth in Sections 5.2 and 5.3 hereof. The Closing shall occur at the offices of Buyer, or at such other place as may be mutually agreed to by the parties hereto, and may be conducted by exchange of facsimile copies of documents (and overnight delivery of originals, as applicable). The date the Closing occurs shall be referred to as the “Closing Date.”

5.2 The obligation of the Buyer to pay the Purchase Price and otherwise perform its obligation at Closing shall be subject to the satisfaction of each of the following conditions, unless duly waived by the Buyer:

(a) Each representation and warranty of ASC set forth in Section 8 hereof shall be true and correct, in all material respects, as of the Closing Date;

(b) All of the covenants and obligations that ASC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing have been duly performed and complied with in all material respects;

(c) The liens, claims, pledges, charges, mortgages, security interests or encumbrances on the Assets described in **Schedule 8.12** shall have been duly released or terminated to the reasonable satisfaction of Buyer;

(d) ASC shall have delivered to Buyer each of the consent, approval, authorization or waiver identified on **Schedule 8.2**;

(e) No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following Closing, or (iii) have a material adverse effect on the right of Buyer to own or operate the Assets (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(f) Buyer shall have obtained a Certificate of Need (“CON”) or Certificate of Exemption (“COE”) approval by the Illinois Health Planning Board for the change of ownership of ASC or written verification from the Illinois Health Planning Board, which verification must be reasonably satisfactory to the Buyer, that the transaction is exempt from Certificate of Need approval; and

(i) Buyer shall have obtained the necessary corporate, religious, and regulatory approvals, including, as necessary, approval by Hospital Sisters Health System and its religious sponsor.

5.3 The obligation of ASC to convey the Assets, assign the Assigned Contracts and otherwise perform its obligation at Closing shall be subject to the satisfaction of each of the following conditions, unless duly waived by ASC:

(a) Each representation and warranty of Buyer set forth in Section 9 hereof shall be true and correct, in all material respects, as of the Closing Date;

(b) All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing have been duly performed and complied with in all material respects;

(c) Buyer has entered into an Administrative Services and Clinical Co-Management Agreement with ASC; and

(d) No action, suit or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following Closing.

6. **COVENANTS.** ASC and Buyer make the following covenants and agreements:

6.1 **Accounts Receivable.** All collections of accounts receivable for services rendered by ASC prior to the Closing Date shall belong to ASC. If Buyer should receive payment for services rendered by ASC prior to the Closing Date, then Buyer shall promptly (and no longer than twenty (20) days) remit those collections to ASC. If ASC should receive payment for services rendered by Buyer on and after the Closing Date, then ASC shall promptly (and no longer than twenty (20) days) remit those collections to Buyer.

6.2 **Employees.** Effective as of the Closing Date, ASC shall terminate all Employees (defined in Section 8.10 below) and Buyer may offer to hire each of the qualified Employees (defined in Section 8.10 below) into his or her existing position (or a position of comparable scope and responsibility) and at a compensation rate and benefits that are consistent with Buyer's pay scale for similarly experienced employees. Buyer anticipates that it will extend offers to each of the Employees, provided such Employees are qualified, in Buyer's reasonable discretion. Those Employees who are retired employees of Buyer shall not receive an offset for the loss of any pension or other retirement benefits if such Employee desires to become an employee of Buyer. Upon becoming employed by Buyer, each hired Employee that is a Registered Nurse shall be paid a sign-on bonus of Two Thousand Five Hundred Dollars (\$2,500.00), and each hired Employee that is not a Registered Nurse, and is hired full-time, shall be paid a sign-on bonus of Five Hundred Dollars (\$500.00)

6.3 **Notice to Third Parties.** Prior to the Closing, ASC shall notify all third parties to the Assumed Contracts of the transaction contemplated by this Agreement and use commercially reasonable efforts to obtain any consent or waiver from such third parties that are necessary to allow ASC to assign the Assumed Contracts to Buyer effective as of the Closing Date.

6.4 **Non-Negotiation.** From and after the date hereof through and until the earlier to occur of Closing or termination of this Agreement, neither ASC nor its officers, directors, or members, nor anyone acting on behalf of ASC, shall, directly or indirectly,

encourage, solicit, engage in discussions or negotiations with, or provide any information to, any person, firm, or other entity or group (other than Buyer or its representatives) concerning any merger, sale of substantial assets, purchase or sale of stock, or similar transaction involving ASC, or any other transaction inconsistent with the transaction contemplated hereby.

6.5 **Pro-Rata Liabilities.** ASC is responsible for liabilities that relate to or arise from the period on and prior to the Closing Date and Buyer is responsible for liabilities that relate to or arise from ASC for the period after the Closing Date. All liabilities that are incurred for a period that includes both a pre-Closing and post-Closing period (e.g., utilities, rent) will be prorated as of the Closing Date such that ASC pays the portion of such liabilities that relate to the period prior to the Closing Date and Buyer pays the portion of such liabilities that relate to the period on and after the Closing Date. Settlement of any such items that are not able to be prorated and paid at Closing shall occur within fifteen (15) business days after receipt of a request therefore accompanied by evidence that such proration and payment is required hereunder.

6.6 **Access to Medical Records.** After the Closing, to the extent authorized by the Health Insurance Portability and Accountability Act (“HIPAA”) and its corresponding regulations, ASC or its designated representative shall be entitled, during the regular business hours and on weekends with the prior approval of Buyer, which approval shall not be unreasonably withheld, to access and make copies of the medical records acquired by Buyer pursuant to this Agreement for the purposes of conducting audits, defense of claims, and other legitimate business reasons. Buyer shall be responsible for the maintenance of all medical records transferred pursuant to this Agreement including archived medical records in ASC’s possession at Closing in compliance with HIPAA and its corresponding regulations and all other applicable laws.

6.7 **Access to Billing Records and Software.** After Closing, and until one year from the date of Closing, ASC or its designated representative shall be entitled, during the regular business hours of the Buyer and on weekends with the prior approval of Buyer, which approval shall not be unreasonably withheld, to access and utilize all billing records related to ASC as is necessary for billing purposes.

7. **INDEMNIFICATION.**

7.1 **Survival of Representations and Warranties.** All representations and warranties of ASC contained in Section 8 hereof, all representations and warranties of Buyer contained in Section 9 hereof, and all representations and warranties of Dr. Yeh contained in Section 25 hereof shall survive the Closing Date for a period of twenty-four months (24) months (the “**Survival Period**”) and no claim may be brought for indemnification under this Agreement with respect to a breach of any such representation or warranty after the Survival Period; provided, however, any claim for indemnity made in writing during the Survival Period shall survive until it has been finally resolved as provided herein.

7.2 **Indemnification by Buyer.** Subject to the terms and conditions hereof, Buyer shall indemnify ASC and each of its members, managers, officers, and employees and Dr. Yeh (collectively, the “**ASC Indemnified Parties**”) for, and will hold each ASC Indemnified

Party harmless from and against, any and all losses, claims, damages, or expenses, including reasonable attorneys' fees (collectively, "**Damages**") actually incurred by such ASC Indemnified Party, arising, directly or indirectly, from or in connection with (a) any Assumed Liability, (b) any breach by the Buyer of its covenants and obligations under this Agreement, and (c) any breach by the Buyer of its representations and warranties set forth in Section 9 hereof.

7.3 **Indemnification by ASC or Dr. Yeh.** Subject to the terms and conditions hereof:

(a) ASC shall indemnify Buyer and each of its directors, officers, and employees (collectively, the "**Buyer Indemnified Parties**") for, and will hold each Buyer Indemnified Party harmless from and against, any and all Damages actually incurred by such Buyer Indemnified Party, arising, directly or indirectly, from or in connection with (a) any Excluded Liability, (b) any breach by ASC of its covenants and obligations under this Agreement, and (c) any breach by ASC of its representations and warranties set forth in Section 8 hereof.

(b) Dr. Yeh shall indemnify the Buyer Indemnified Parties for, and will hold each Buyer Indemnified Party harmless from and against, any and all Damages actually incurred by such Buyer Indemnified Party, arising, directly or indirectly, from or in connection with any breach by Dr. Yeh of her representations and warranties set forth in Section 25 hereof.

7.4 **Limitations on Indemnity.** Except for the obligation of Buyer to indemnify ASC Indemnified Parties for Assumed Liabilities and for the obligation of ASC to indemnify Buyer Indemnified Parties for Excluded Liabilities, neither of which shall be subject to any of the following, the obligations of Buyer, ASC and Dr. Yeh to provide indemnity pursuant to this Section 7 shall be subject to the following limitations:

(a) None of Buyer, ASC or Dr. Yeh shall be liable to indemnify any party entitled to indemnity under Sections 7.2 or 7.3, as the case may be, with respect to any Damages unless and until such indemnified party shall have suffered aggregate Damages in excess of Fifty Thousand Dollars (\$50,000.00) (the "**Basket**"), at which point Buyer, ASC or Dr. Yeh, as the case may be, will be obligated to indemnify such party only for the amount of Damages in excess of the Basket.

(b) The obligation of Buyer to indemnify ASC Indemnified Parties, the obligation of ASC to indemnify Buyer Indemnified Parties, shall, in each case, be limited to an amount equal to the Purchase Price.

(c) Any obligation of Dr. Yeh to indemnify Buyer Indemnified Parties shall be limited to both the Purchase Price and to her pro rata ownership interest in ASC.

7.5 **Other Indemnification Matters.**

(a) Upon making any payment of an indemnification claim pursuant to this Section 7, the indemnifying party shall be subrogated, to the extent of such payment,

to any rights which the Indemnitee may have against other persons with respect to the subject matter underlying such indemnification claim.

(b) If after an indemnification payment is made hereunder, the Party to which such payment is made receives insurance proceeds in respect of the Loss, such amount (up to and not to exceed the amount of the indemnification payment from the Indemnifying Party to the Indemnitee in respect of the Loss) shall promptly be remitted to the Indemnifying Party; provided, however, that the foregoing shall not create any obligation on the part of an Indemnitee to take any action to seek or obtain any such insurance proceeds.

(c) ASC and Buyer each acknowledge and agree that the indemnification provisions of this Section 7 are and shall be the sole and exclusive post-Closing remedy of any ASC Indemnified Party or Buyer Indemnified Party with respect to this Agreement and the transactions contemplated hereby, except for injunctive relief otherwise available pursuant to this Agreement.

8. REPRESENTATIONS OF ASC. ASC hereby warrants, represents and covenants to Buyer as follows. For purposes of this Section 8, the term "knowledge" means actual or constructive knowledge of Dr. Yeh or persons serving as a manager or officer of ASC.

8.1 Authority. ASC is a limited liability company in good standing under the laws of the State of Illinois and has full power and authority to enter into this Agreement. This Agreement has been duly executed and delivered by an authorized representative of ASC and is a valid and binding obligation of ASC, enforceable against ASC in accordance with its terms.

8.2 No Violation or Default. The execution, delivery, and performance by ASC of this Agreement does not violate, conflict with, or constitute a default under any provision of any of the following with respect to ASC: its Articles of Organization, its Operating Agreement, any applicable order or judgment of any court, any debt instrument or any Assumed Contract to which ASC is a party. Other than as set forth in **Schedule 8.2**, the execution, delivery and performance by ASC of this Agreement does not require the consent, approval authorization or waiver of any third party or governmental authority.

8.3 Financial Statements. Attached as **Schedule 8.3** are true and complete copies of (a) unaudited balance sheets of the Company as of December 31, 2011, 2012, and the partial year 2013 through _____, and the related unaudited statements of income, changes in members' equity and cash flows for the fiscal years then ended (collectively, the "**Financial Statements**"). The Financial Statements fairly present in all material respects the financial condition and the results of operations, changes in members' equity, and cash flows of the Company at the respective dates of and for the respective periods referred to in the Financial Statements. The Financial Statements have been prepared from the books and records of the Company (which are true and correct in all material respects). There has not been any change between _____ and the date of this Agreement which has had or is likely to have a material adverse effect on the financial position, results of operations or business or prospects of the Company.

8.4 **No Adverse Change.** Since ASC enrolled to participate in Medicare, ASC has operated in the ordinary course, consistent with good business practices, and during the twelve (12) months prior to the Closing Date there has not been any material adverse change in the Assets, Assumed Contracts, business, operations, or condition (financial or other) of ASC. ASC is not aware of any occurrence or fact that may result in a material adverse effect on the Assets, Assumed Contracts or ASC.

8.5 **Tax.** ASC has filed all federal, state and local tax returns required to be filed by it and has paid or made provision for the payment of all taxes and assessments (including without limitation income, excise, unemployment, social security, occupation, franchise, property, sales and use taxes, services taxes, import duties or charges, and all penalties and interest with respect thereto) that are due and payable, whether or not in connection with such returns. ASC has not signed any extension agreement with any taxing authority and knows of no open matters for any prior periods.

8.6 **No Material Liability.** Except as set forth in **Schedule 8.6** or on the Financial Statements, and other than trade accounts payable and payroll and benefits accrued in the ordinary course of business, ASC has no indebtedness or liability, absolute or contingent, known or unknown, that relate to the Assets, and ASC has no indebtedness or liability to be paid at the Closing. Except as set forth in **Schedule 8.6**, ASC has no material refund or repayment obligations (arising from overpayments, mistaken billing, or otherwise) to any third party, including, without limitation, any party to any Assumed Contract. For purposes of this representation, any indebtedness or liability greater than \$10,000 shall be deemed to be material.

8.7 **License and Permits.** **Schedule 8.7** sets forth a complete list of all licenses, permits, authorizations, and approvals issued or granted to ASC with respect to ASC by any governmental authority or third party ("**Licenses and Permits**"). No license, permit, authorization or approval, other than the Licenses and Permits, is required to permit the continued lawful conduct of ASC in the manner now conducted.

8.8 **Litigation.** Except as set forth in **Schedule 8.8**, there are no claims, actions, suits, proceedings, labor disputes, investigations or government inquiry pending or, to the knowledge of ASC, threatened, against ASC or any Employee involving, affecting or relating to ASC, the Assets or the transactions contemplated by this Agreement.

8.9 **Contracts.** **Schedule 2** sets forth a complete and correct list of all contracts, agreements, understandings or commitments currently in effect, whether or not the same are in writing, to which ASC is a party, each of which constitutes an Assumed Contract, as defined above. ASC has provided true and complete copies of each of the Assumed Contracts to Buyer. ASC has performed all material obligations required to be performed by it under, and is not in default or delinquent in any material respect in performance, status, or any other respect (claimed or actual) in connection with, any Assumed Contract, and, to the knowledge of ASC, no event has occurred which, with due notice or lapse of time or both, would constitute such a default. Each Assumed Contract is valid, binding and enforceable against the ASC, and to the knowledge of the ASC, the other parties thereto, in each case in accordance with its terms, and is in full force and effect. To the knowledge of ASC, no other party to any Assumed Contract is in

material default in respect thereof. The Assumed Contracts have not been modified, amended, supplemented, extended or renewed.

8.10 **Employees.** Attached hereto as **Schedule 8.10** is a complete list of all employees of ASC (individually, “**Employee**,” and collectively “**Employees**”). Set forth opposite the name of each Employee is such Employee’s employment position title, salary or wage rate, any bonus provisions, and any other compensation arrangement. ASC is not a party to any collective bargaining agreement or contract with any labor union and no union application for certification exists respecting the Employees.

8.11 **Legal Compliance.** The operations of ASC have been conducted in material accordance with all applicable laws, regulations, orders, and other requirements of all courts and other governmental authorities having jurisdiction over ASC, including without limitation all such laws, regulations, orders, and requirements promulgated by or relating to consumer protection, health care (e.g., compliance with Medicare and Medicaid laws and regulations, and compliance with applicable Conditions of Participation), equal opportunity, health, environmental, ERISA, architectural barriers to the handicapped, fire, zoning, and building and occupation safety.

8.12 **Title.** ASC has good and marketable title to the Assets, including all software, free and clear of all liens, claims, pledges, charges, mortgages, security interests or encumbrances of any kind, except as set forth in **Schedule 8.12**. Except for the Excluded Assets, the Assets (a) constitute all of the properties and assets now held or employed by ASC that are material to the operation of ASC, and (b) constitute, and on the Closing Date will constitute, all of the property and assets that are necessary to permit the operation of ASC as historically and currently conducted.

8.13 **Condition of Assets.** Each tangible asset included in the Assets is in good condition and repair, subject to reasonable use, wear and tear.

8.14 **ERISA.** Except as set forth on **Schedule 8.14**, to the knowledge of ASC, there are no circumstances, conditions, or events relating to or arising under any of ASC’s or its affiliates’ employee benefit plans, programs, or arrangements (including, but not limited to, employee benefit plans within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) that could result in any liability to Buyer.

8.15 **Performance of Covenants and Obligations.** All of the covenants and obligations that ASC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), must have been duly performed and complied with in all material respects before Closing. All of ASC’s and Physician’s representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), must have been accurate in all material respects as of the date of this Agreement, and must be accurate in all material respects as of the Closing as if made on the Closing.

8.16 **Conditions of Participation.** ASC is in compliance with the Conditions of Participation applicable to an ambulatory surgery center and is operating in a manner that allows the services provided at ASC to be billed to Medicare and Medicaid.

9. **REPRESENTATIONS OF BUYER.** Buyer hereby warrants, represents, and covenants to ASC as follows:

9.1 **Authority.** Buyer is a not-for-profit corporation in good standing under the laws of the State of Illinois and has full power and authority to enter into this Agreement. This Agreement has been duly executed and delivered by Buyer and is a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the conditions of Closing.

9.2 **No Violation or Default.** The execution, delivery and performance by Buyer of this Agreement do not violate, conflict with, or constitute a default under any provision of any of the following with respect to Buyer: its Articles of Incorporation; its Bylaws; any applicable order or judgment of any court; or, any contract to which Buyer is a party.

9.3 **Performance of Covenants and Obligations.** All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), must have been duly performed and complied with in all material respects before Closing. All of Buyer's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), must have been accurate in all material respects as of the date of this Agreement, and must be accurate in all material respects as of the Closing as if made on the Closing Date.

9.4 **Contracts.** Buyer acknowledges receipt of complete copies of each of the Assumed Contracts listed in **Schedule 2** from ASC.

10. **COVENANT NOT TO COMPETE.** During the term of this Agreement, and for a period of seven (7) years after the Closing Date, neither the ASC nor Dr. Yeh shall own, organize, consult with, manage, become an employee, or otherwise participate in any manner, with any person or entity that offers services that compete with the services offered by an ambulatory surgery center or the Buyer and is located within fifty (50) miles of Center, except for those activities currently being performed by ASC or Dr. Yeh listed in **Schedule 10**. This covenant not to compete shall not restrict Dr. Yeh from providing professional services at any health care location or facility. This covenant not to compete is specifically acknowledged to be fair and appropriate to protect the interests of Buyer, and any person or entity that acquires ownership in ASC after the Closing. This covenant not to compete is an important part of the total consideration exchanged by the Parties. Buyer and ASC specifically acknowledge and agree that it is their intention that the restrictive covenants contained in this Section are to be enforced to the maximum extent permissible by law, and that if any such covenant is determined by a court of competent jurisdiction not to be enforceable as set out herein, then the Parties shall request that such restrictive covenant shall be reformed by such court so that it is enforceable to the maximum extent permissible by law. If any provision contained in this Section is modified or held ineffective by any court in any respect, then such adjudication shall not invalidate or

render ineffective the balance of the provisions of this Section, or any other provision of this Agreement.

11. **RIGHT OF FIRST OFFER (CENTER)**. If, following the Closing, Buyer proposes to sell, transfer, or otherwise dispose of the Center, whether as a sale of Buyer or of substantially all of the operating assets of the Center to a third party that is not an affiliate of Buyer or of Hospital Sisters Health System, then Buyer shall inform ASC of the sale and shall provide ASC with an opportunity to submit a bid to purchase the Center. The Parties understand that this Section does not obligate Buyer to sell the Center to ASC.

12. **RIGHT OF FIRST REFUSAL (BUILDING)**. The parties acknowledge that the building in which the Center is located at 2020 West Iles, Springfield, Illinois ("**Building**") is currently owned by the Kane-Yeh Family Trust, a related entity to Dr. Yeh and ASC. If, following Closing, the Kane-Yeh Family Trust or any successor entity of the Kane-Yeh Family Trust ("**Building Owner**"), proposes to sell, transfer, or otherwise dispose of the Building, or a portion of the Building ("**Building Trigger Event**"), then Dr. Yeh shall cause the Building Owner to grant to Buyer a right of first refusal to purchase the Building, or a portion of the Building, on the same or substantially similar terms that are offered to any potential purchaser or transferee. The right of first refusal shall be set forth in the Space Lease between Buyer and Kane-Yeh Family Trust. The Building Owner shall provide Buyer with written notice of the occurrence of a Building Trigger Event in which event Buyer shall the right to purchase the Building, or a portion of the Building as described above. Buyer shall exercise its right to purchase by delivering written notice to the Building Owner within ninety (90) days of receipt of the notice of the Building Trigger Event. If Buyer fails to exercise its option within nine (90) days, then the Building Owner may proceed with a transaction with a third party.

13. **RIGHT OF FIRST REFUSAL (PRAIRIE EYE CENTER)**. The parties acknowledge that Prairie Eye Center, LTD ("**PEC**"), is the physician practice through which Dr. Yeh and other physicians provide professional physician services and other services. If, following the Closing, PEC or any successor entity of PEC, proposes to sell, transfer, or otherwise dispose of PEC, or any office location or other portion of PEC ("**PEC Trigger Event**"), then Buyer shall have the Right of First Refusal to purchase PEC, or any office location or other portion of PEC, on the same or substantially similar terms that are offered to any potential purchaser or transferee. PEC shall provide Buyer with written notice of the occurrence of a PEC Trigger Event in which event Buyer shall the right to purchase PEC, or any office location or other portion of PEC as described above. Buyer shall exercise its right to purchase by delivering written notice to PEC within ninety (90) days of receipt of the notice of the PEC Trigger Event. If Buyer fails to exercise its option within nine (90) days, then PEC may proceed with a transaction with a third party.

14. **SPACE LEASE**. The parties acknowledge that Buyer and the Kane-Yeh Family Limited Partnership will enter into a Space Lease. The Space Lease shall be executed at or before the Closing. The parties understand that such lease, which will be on commercially reasonable terms and for a fair market value rental rate, is essential for Buyer to be able to operate the Center following Closing,

15. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective personal representatives, successors, and assigns. Buyer may assign its rights and obligations under this Agreement to a partially or wholly-owned subsidiary of Buyer.

16. **APPLICABLE LAW.** This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois.

17. **HEADINGS.** The headings appearing in this Agreement are inserted only as a matter of convenience and do not define, limit, construe, or prescribe the scope or intent of the sections of this Agreement nor in any way affect this Agreement.

18. **SURVIVAL.** All covenants and agreements which by their respective terms are intended to survive the consummation of the transactions contemplated by this Agreement (including ASC's representations herein) shall survive such consummation in accordance with their respective terms and conditions for a period of twenty-four (24) months after Closing.

19. **ENTIRE AGREEMENT.** This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated hereby and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to such transactions. All exhibits and schedules hereto are expressly made a part of this Agreement as fully as though completely set forth herein.

20. **COUNTERPARTS.** This Agreement may be executed in one or more counterpart originals, each of which shall be an original and all of which taken together shall constitute one and the same instrument. The parties may execute this Agreement by exchange of facsimile signatures, and a party to this Agreement may rely on a facsimile signature of the other party so long as the relying party has provided its signature to the other party (by facsimile or otherwise).

21. **AMENDMENT.** This Agreement may only be amended by written agreement executed by Buyer ASC, and Dr. Yeh, but only required by Dr. Yeh, individually, to the extent such amendment affects Dr. Yeh's rights or obligations under this Agreement.

22. **DISCLOSURES.** A disclosure of a relevant event, fact or item on any schedule or exhibit attached to this Agreement shall be a disclosure for all purposes, schedules, or exhibits.

23. **CONFIDENTIALITY.** Each party will hold confidential, and will cause its affiliates and agents to hold confidential, all documents and information concerning any other party furnished to it by the other party in connection with this Agreement or the transactions contemplated by it.

24. **WAIVER OF BREACH.** The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision of this Agreement.

25. **REPRESENTATIONS OF DR. YEH.** Dr. Yeh represents that the representations of ASC set forth in Section 8 are true and complete.

[Signature Page Follows]

DRAFT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be properly executed by their duly authorized representatives as of the day and year first above written.

“ASC”

PRAIRIE SURGICENTER ASSOCIATES, LLC

By: _____
Sandra Yeh, M.D., President

Date: _____, 2013

“DR. YEH”

By: _____
Sandra Yeh, M.D., Individually

Date: _____, 2013

“BUYER”

**ST. JOHN'S HOSPITAL OF THE HOSPITAL
SISTERS OF THE THIRD ORDER OF ST.
FRANCIS**

By: _____
Larry P. Schumacher,
Interim President & CEO

Date: _____, 2013

List of Exhibits and Schedules
To
ASSET PURCHASE AGREEMENT

Exhibits

Exhibit A	Bill of Sale
Exhibit B	Assignment and Assumption Agreement
Exhibit C	Escrow Agreement

Schedules

Schedule 1A	Assets
Schedule 1B	Excluded Assets
Schedule 2	Assumed Contracts
Schedule 3.2	Tax Allocation of Purchase Price
Schedule 8.2	Third Party Consents
Schedule 8.3	Financial Statements
Schedule 8.6	Material Liabilities & Debts
Schedule 8.7	Licenses and Permits
Schedule 8.8	Litigation
Schedule 8.10	Employees
Schedule 8.12	Encumbrances
Schedule 8.14	ERISA Matters
Schedule 10	Exceptions to Non-Compete

EXHIBIT A

To Asset Purchase Agreement

BILL OF SALE

FOR VALUE RECEIVED, Prairie Surgicenter Associates, LLC (“ASC”) hereby sells, assigns, transfers, and conveys to **St. John’s Hospital of the Hospital Sisters of the Third Order of St. Francis (“Buyer”)** all of ASC’s right, title, and interest in, to, and under the “Assets” as that term is defined in that certain Asset Purchase Agreement by and between ASC and the Buyer (“**Agreement**”).

ASC represents and warrants to the Buyer that ASC has and hereby conveys to the Buyer good and marketable title to the Assets conveyed hereby, free of all liens and encumbrances.

This Bill of Sale is made together with the benefit of all of the additional representations and warranties made by ASC in the Agreement, which shall survive the execution and delivery of this Bill of Sale.

ASC agrees to sign and deliver to Buyer such additional documents, and to take such additional actions, as may be necessary to vest or evidence transfer of title to the Assets to Buyer.

This Bill of Sale is made effective as of the ____ day of _____, 2013.

PRAIRIE SURGICENTER ASSOCIATES, LLC

By: _____
Sandra Yeh, M.D., President

EXHIBIT B

To Asset Purchase Agreement

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") is entered into effective as of _____, 2013 ("Effective Date") by and between Prairie Surgicenter Associates, LLC ("ASC") and St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis ("Buyer").

This Agreement is entered into pursuant to the terms of that certain Asset Purchase Agreement with a Closing Date of January 2, 2014 at 12:01 a.m., or such other date and time agreed to between the parties, by and between ASC and Buyer ("Purchase Agreement"). Capitalized terms used herein and not defined herein shall have the meaning set forth in the Purchase Agreement.

1. **Assignment.** For good and valuable consideration received by ASC, the receipt and sufficiency of which are hereby acknowledged, ASC hereby grants, transfers, and assigns to Buyer all of ASC's right, title, and interest in, to, and under the Assumed Contracts.

2. **Assumption.** Buyer hereby assumes, and agrees to be bound by, all of the covenants, agreements, and obligations of ASC under each of the Assumed Contracts (other than those arising from ASC's breach or default), in each case which arise or are incurred, or are to be performed, after the date of this Agreement.

3. **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon each of the parties and their respective successors and assigns.

4. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. **Conflict.** In the event of any conflict between this Agreement and the Purchase Agreement, the Purchase Agreement shall control.

[Signature Page Follows]

IN WITNESS WHEREOF, ASC and Buyer have executed this Agreement, intending to be bound legally.

**ST. JOHN'S HOSPITAL OF THE HOSPITAL SISTERS OF
THE THIRD ORDER OF ST. FRANCIS**

By: _____
Larry P. Schumacher, Interim President & CEO

PRAIRIE SURGICENTER ASSOCIATES, LLC

By: _____
Sandra Yeh, M.D., President

EXHIBIT C

To Asset Purchase Agreement

ESCROW AGREEMENT

[To be provided.]

DRAFT

SCHEDULE 1A

To Asset Purchase Agreement

ASSETS

- (a) All personnel files of the Employees (as defined in Section 8.10) and medical records of ASC;
- (b) The intangible assets and goodwill of ASC, including any and all right, title, and interest in, any intellectual property owned by ASC, which includes, but is not limited to, ASC's logo, website, computer software, any trademarks, copyrights and service marks;
- (c) All email address(es), telephone and facsimile numbers used in ASC;
- (d) All deposits under the Assumed Contracts (as defined below);
- (e) ASC's inventory of supplies and pharmaceuticals existing and on hand at the Closing Date, which shall be such inventory of supplies and pharmaceuticals that are kept on hand in the normal course of business;
- (f) Any pre-paid expenses, such as insurance premiums and continuing medical education expenses, incurred by ASC prior to Closing, but which shall benefit Buyer after the Closing;
- (h) Certificate of Need for Orthopedics and Ophthalmology; and,
- (h) Assets listed below:

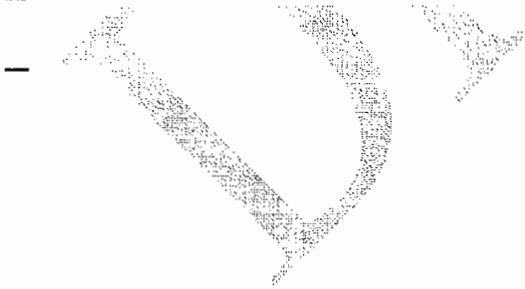
Description	Acquisition Date	Acquisition Cost	Economic Life	Age	% of Cost	Estimated Value
2- microscopes Goshen Medical	02/01/2010	525,500	7	2.2	69.1%	\$17,625
PSC Exterior Sign	02/01/2010	8,995	15	2.2	85.6%	7,699
PSC 1/2 cost sign faces Montvale Entrance	02/01/2010	594	15	2.2	85.6%	508
Scrub Sink & Shelves	02/01/2010	2,988	15	2.2	85.6%	2,557
X Ray Viewers 2-204R 1-201R	02/01/2010	279	10	2.2	78.4%	219
NUVO Equipment Boom, Lights & Mnitors	02/01/2010	79,787	15	2.2	85.6%	68,289
NUVO IPOD Docking Station w/ Speakers & Console	02/01/2010	1,839	10	2.2	78.4%	1,441
Scotsman MDT3F2 Refrigerator & Ice Dispenser	01/01/2010	3,903	12	2.2	82.0%	3,200
System One 16" Surgical Light & Mounting Kit	02/01/2010	4,054	15	2.2	85.6%	3,470
Nuvo Light 2 Single Mounts 24" & NDS HD Monitors	02/01/2010	57,811	15	2.2	85.6%	49,480
Summit UC Refrigerator	02/01/2010	709	12	2.2	82.0%	581
Harloff Narcotics Locker	02/01/2010	330	10	2.2	78.4%	259
Neptune Fluid Waste Mgmt System	02/01/2010	12,338	7	2.2	69.1%	8,528
Stryker Neptune 2 Docking Station	02/01/2010	12,243	7	2.2	69.1%	8,462
Lancer Amsco 3023 Autoclave	02/01/2010	30,148	7	2.2	69.1%	20,838
Amsco 3023 Rack & Shelves	02/01/2010	689	10	2.2	78.4%	540
Amsco 3013 Vacuum Autoclave	02/01/2010	29,127	7	2.2	69.1%	20,132
Lancer 3013 Rack & Shelves	02/01/2010	663	15	2.2	85.6%	567
LMS Undercover Washer	02/01/2010	9,845	7	2.2	69.1%	6,805
16 Patient Monitor Wall Mounts	02/01/2010	1,913	7	2.2	69.1%	1,322
Guardian Eye Wash Station	02/01/2010	347	12	2.2	82.0%	284
2 - Mini Classic II Water Distillers	02/01/2010	1,472	7	2.2	69.1%	1,017
Reurblished Leica M690 Microscope w/ Accessories	02/01/2010	86,082	7	2.2	69.1%	59,499
2 - 201R X Ray Viewers	02/01/2010	600	10	2.2	78.4%	470
D Scott Gel Roll	02/01/2010	123	10	2.2	78.4%	96
D Scott Bean Bag w/Shoulder Cut out	02/01/2010	300	10	2.2	78.4%	235
D Scott 2 Basic Rail Clamps	02/01/2010	173	7	2.2	69.1%	120
D Scott Candy Cane Lithomy Leg Holder	02/01/2010	521	7	2.2	69.1%	360
D Scott 2- Clark Sockets	02/01/2010	392	7	2.2	69.1%	271
D Scott Adjustable Patient Restraint	02/01/2010	196	7	2.2	69.1%	135
D Scott 2 - Arm Boards	02/01/2010	608	7	2.2	69.1%	420
D Scott Gel Filled Sand positioner	02/01/2010	60	7	2.2	69.1%	41
2- 546M Reliance Surgeon's Stool	02/01/2010	2,508	7	2.2	69.1%	1,734
Pedigo Surgical Asst Stool	02/01/2010	424	7	2.2	69.1%	293
2- Office Master Anesthesiologists Stool	02/01/2010	798	7	2.2	69.1%	552
3- Pedigo P 527 Asst Stool	02/01/2010	1,273	7	2.2	69.1%	880
3- Pedigo P 528 Asst Stool	02/01/2010	1,044	7	2.2	69.1%	722
2 - Office Master CL-22 Laser Exam Stools	02/01/2010	305	7	2.2	69.1%	211
Harlow Crash Cart w/ Accessories	02/01/2010	1,814	7	2.2	69.1%	1,254
Zoll M Series Defibrillator w / Accessories	02/01/2010	6,667	7	2.2	69.1%	4,608
Allied G180 Gomco Portable Suction w/ Accessories	02/01/2010	662	7	2.2	69.1%	458
2- Harlow OR Anesthesia Cart w/ Accessories	02/01/2010	4,060	7	2.2	69.1%	2,806
Hypothermia Cart	02/01/2010	582	7	2.2	69.1%	402
SCSA IOL 1260 Storage Carts	02/01/2010	3,374	7	2.2	69.1%	2,332
2 - SCSA Mobile OR Storage Carts	02/01/2010	5,451	7	2.2	69.1%	3,768
Lakeside 311 Transfer Cart	02/01/2010	237	7	2.2	69.1%	164
Metro 8C 2030 Cart	02/01/2010	263	7	2.2	69.1%	182
1 - Seville Classic Clean Scrub Carts w/ Accessories	02/01/2010	224	7	2.2	69.1%	155
24 - Seville Classic Sterile Storage Shelving	02/01/2010	1,107	7	2.2	69.1%	765



Description	Acquisition Date	Acquisition Cost	Economic Life	Age	% of Cost	Estimated Value
36 - 30234 Akro Mills Bins	02/01/2010	294	12	2.2	82.0%	241
36 - 30240 Akro Mills Bins	02/01/2010	373	12	2.2	82.0%	306
24 - 30250 Akro Mills Bins	02/01/2010	379	12	2.2	82.0%	311
24 - 30260 Akro Mills Bins	02/01/2010	615	12	2.2	82.0%	504
8 - 40245 Akro Mills Bins	02/01/2010	105	12	2.2	82.0%	86
2 - 40260 Akro Mills Bins	02/01/2010	37	12	2.2	82.0%	30
Pre / Post OP Curtains	02/01/2010	1,891	10	2.2	78.4%	1,482
Stainless Pedigo 4 Stacking Foot Stools	02/01/2010	861	10	2.2	78.4%	675
Stainless Pedigo Foot Stool w/ handrail	02/01/2010	144	10	2.2	78.4%	113
Stainless Pedigo 3 Mayo Stand w/ foot release	02/01/2010	1,859	10	2.2	78.4%	1,457
Stainless Pedigo 2 - Sponge Receptacle	02/01/2010	543	7	2.2	69.1%	375
Stainless Pedigo IV Pole w / 2 hooks	02/01/2010	221	7	2.2	69.1%	153
Stainless Pedigo 2 - Linen Hamper	02/01/2010	639	12	2.2	82.0%	524
Stainless Pedigo 2 SG 92-SS - Instrument Table	02/01/2010	1,348	7	2.2	69.1%	932
Stainless Pedigo SG 98-SS - Instrument Table	02/01/2010	571	7	2.2	69.1%	395
Stainless Pedigo 2 P 1078 SS - Single Basin Stand	02/01/2010	621	7	2.2	69.1%	429
Stainless Pedigo 6 - 7 Qt Basin	02/01/2010	411	7	2.2	69.1%	284
Scican 17V Autoclave w/ printer w/3 trays	02/01/2010	7,252	7	2.2	69.1%	5,013
Liberty Classic Automatic Distiller	02/01/2010	38	7	2.2	69.1%	26
3 - SCSA Sterilization Cassette	02/01/2010	255	7	2.2	69.1%	176
5 - SCSA Instrument Cassette	02/01/2010	654	7	2.2	69.1%	452
MES 5S Ultrasonic Cleaner w/ mettler cover	02/01/2010	1,976	7	2.2	69.1%	1,366
Quick Rinse System w/ Accessories	02/01/2010	2,231	7	2.2	69.1%	1,542
Graham Field Wheel Chair Folding footrest	02/01/2010	371	7	2.2	69.1%	256
Graham Field Wheel Chair Standard footrest	02/01/2010	131	7	2.2	69.1%	91
14 Allied Flow Meters	02/01/2010	730	7	2.2	69.1%	505
5 22-13 Allied Suction Regulators	02/01/2010	1,199	7	2.2	69.1%	829
9 22-13 Allied Suction Regulators	02/01/2010	2,159	7	2.2	69.1%	1,492
Allied Oxygen Accessories	02/01/2010	390	7	2.2	69.1%	270
Allied Suction Canister	02/01/2010	300	7	2.2	69.1%	207
2 - Exergen Temporal Thermometers	02/01/2010	850	7	2.2	69.1%	588
Criticare 9100 Gas Monitoring Package	02/01/2010	10,358	7	2.2	69.1%	7,159
Criticare nCompass monitor w/ TF Screen	02/01/2010	5,179	7	2.2	69.1%	3,580
2 - Criticare ECG Leads / Water Traps / Sample Lines	02/01/2010	885	7	2.2	69.1%	612
Criticare 8100 nGenuity Patient Monitor w/ Accessories	02/01/2010	4,217	7	2.2	69.1%	2,915
2 - Criticare 506 Monitors w/ Rolling Stands	02/01/2010	4,432	7	2.2	69.1%	3,063
5 - Criticare 8100 EP nGenuity Patient Monitors	02/01/2010	19,887	7	2.2	69.1%	13,746
2 - Blood Pressure Cuffs w/ Accessories	02/01/2010	525	7	2.2	69.1%	363
3 - P-824-SS Pedigo Wall Shelf 8" x 24"	02/01/2010	259	10	2.2	78.4%	203
SG-81-SS Pedigo Utility Table	02/01/2010	415	10	2.2	78.4%	325
CUDA Fiberoptic Headlamp	02/01/2010	928	7	2.2	69.1%	641
WEMED Endlap 300 Headlight w/ Stand	02/01/2010	1,472	7	2.2	69.1%	1,017
FS20L Summit Countertop Freezer - Chemo	02/01/2010	311	7	2.2	69.1%	215
3 - Pedigo T-536 -GS Stools	02/01/2010	780	10	2.2	78.4%	611
3 - Graham Field 566 Clinical Recliners w/ IV Poles	02/01/2010	3,773	7	2.2	69.1%	2,608
9 - S143K Harlow Bedside Carts	02/01/2010	5,752	7	2.2	69.1%	3,976
MAC 1200 12 Lead ECG	02/01/2010	2,761	7	2.2	69.1%	1,908
SHE 18368 Seville Classic Clean Linen Cart w/Accessories	02/01/2010	264	12	2.2	82.0%	216
Guardian Eye Wash Accessories	02/01/2010	840	12	2.2	82.0%	689
Harloff 2720BG Narcotics Locker	02/01/2010	197	10	2.2	78.4%	154



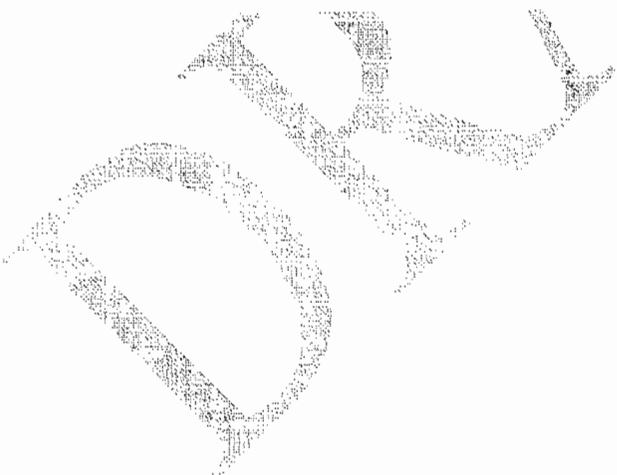
Description	Acquisition Date	Acquisition Cost	Economic Life	Age	% of Cost	Estimated Value
Criticare 8500IQH POET IQ.nCompass Monitor	02/01/2010	4,868	7	2.2	69.1%	3,365
2 - Criticare 8100EP nGenuity w/printer	02/01/2010	7,364	7	2.2	69.1%	5,090
3- Stryker 1079 eye Stretchers	02/01/2010	12,289	7	2.2	69.1%	8,494
3- Stryker 1010 IV Poles	02/01/2010	755	7	2.2	69.1%	522
3- Stryker 1068 Superior Wrist Rest	02/01/2010	808	7	2.2	69.1%	558
3- Stryker 1010 Upright Bottle Holder	02/01/2010	228	7	2.2	69.1%	158
3- Stryker 1068 Surgery Accessory Rail	02/01/2010	307	7	2.2	69.1%	212
3- Stryker 1079 Stretcher	02/01/2010	12,171	7	2.2	69.1%	8,413
Aaron Boyle A1250 ESU w/ Accessory	02/01/2010	3,484	7	2.2	69.1%	2,408
14 - Allied 1500 ml Suction Canisters	02/01/2010	57	7	2.2	69.1%	39
Allied 1500 ml Suction Canister	02/01/2010	142	7	2.2	69.1%	98
Allied Carboline	02/01/2010	102	7	2.2	69.1%	71
3 - Western E tank Regulator	02/01/2010	217	7	2.2	69.1%	150
Allied O2 Regulator	02/01/2010	206	7	2.2	69.1%	142
PX-1027 Western Medica Emergency O5 Rack	02/01/2010	74	7	2.2	69.1%	51
Akro bins	02/01/2010	24	10	2.2	78.4%	19
Harloff 68530 P Drawer Tray w/ dividers	02/01/2010	122	10	2.2	78.4%	96
Glidescope Cobalt Video Lryngoscopy	02/01/2010	10,800	7	2.2	69.1%	7,465
10 - RCP2541 Fire Rated Waste Baskets	02/01/2010	274	10	2.2	78.4%	215
19 RCP6144 Rubbermaid 12 gal Step on Waste Containers	02/01/2010	2,077	10	2.2	78.4%	1,628
Curtains & Tracks	02/01/2010	238	10	2.2	78.4%	187
Scaletronix Scale	02/01/2010	424	7	2.2	69.1%	293
10- Criticare 438 Temperature Probe	02/01/2010	121	7	2.2	69.1%	84
2 - Criticare 439 Temperature Probe	02/01/2010	133	7	2.2	69.1%	92
Hull Anesthesia H-3200 Breathing Circuit	02/01/2010	87	7	2.2	69.1%	60
2 - Allied DISS Male 12-80 & 12-90	02/01/2010	73	7	2.2	69.1%	50
2 - Datex Ohmeda MOD SE 7900 w/ ventilator	02/01/2010	27,800	7	2.2	69.1%	19,215
2 - Inifiniti Vision systems	02/01/2010	82,875	7	2.2	69.1%	57,283
AMSCO M70WC-EL Warming Cabinet	02/01/2010	2,700	7	2.2	69.1%	1,866
BM900 Haag Streit Slit Lamp	02/01/2010	10,060	7	2.2	69.1%	6,953
7900IC Reliance Instrument Stand	02/01/2010	4,414	7	2.2	69.1%	3,051
MNT-HS-900 Laser Mount	02/01/2010	164	7	2.2	69.1%	113
MAL-0001 Malyugin Ring System	02/01/2010	797	7	2.2	69.1%	551
DFH -0028 MST Touch Forceps	02/01/2010	956	5	2.2	56.8%	543
DFH -0019 MST Micro Holding Forceps	02/01/2010	505	5	2.2	56.8%	287
DFH -0012 19g Packer Chang IOL Cutters	02/01/2010	610	5	2.2	56.8%	346
Nuvo Volante V750 Surgical Table	02/01/2010	23,628	7	2.2	69.1%	16,332
Surgical Light Installation Proc Room	02/01/2010	1,013	15	2.2	85.6%	867
2- Rubbermaid 44 gal trash cans w/dollies	02/01/2010	299	12	2.2	82.0%	245
Harloff Emergency Treatment Cart	02/01/2010	810	7	2.2	69.1%	560
MAC Custom Instrument Table	02/01/2010	430	7	2.2	69.1%	297
Sclcan Bravo External Drain Tank	02/01/2010	24	12	2.2	82.0%	20
35 - CE-9038 InPro Ultra Whisper Carrier	02/01/2010	45	12	2.2	82.0%	37
4 - WMM-0002-02C Wall Mount for 8100 Criticare	02/01/2010	2,125	7	2.2	69.1%	1,469
Americall Telephone System - Complete	02/01/2010	17,817	7	2.2	69.1%	12,315
ADA Braille Signs	02/01/2010	1,843	15	2.2	85.6%	1,577
Simplex Outdoor Fire Alarm	02/01/2010	2,755	15	2.2	85.6%	2,358
Machemer Stool	02/01/2010	1,041	7	2.2	69.1%	720
Attest Autoreader	02/01/2010	1,275	7	2.2	69.1%	881
1/2" 25 mm MST Malyugin Ring	02/01/2010	1,626	7	2.2	69.1%	1,124



Description	Acquisition Date	Acquisition Cost	Economic Life	Age	% of Cost	Estimated Value
Plumesafe Whisper	02/01/2010	3,334	7	2.2	69.1%	2,304
Allscript Software	02/01/2010	56,196	7	2.2	69.1%	38,842
Computer System	02/01/2010	39,785	5	2.2	56.8%	22,585
Oneway Interface for M+	02/01/2010	5,000	7	2.2	69.1%	3,456
Dell Optiplex 380 Desktop	02/01/2010	632	5	2.2	56.8%	359
Dell XPS Laptop 17	05/05/2011	1,274	5	0.9	81.9%	1,043
Dell XPS Laptop 17	05/05/2011	1,274	5	0.9	81.9%	1,043
Dell XPS Laptop 17	11/02/2011	1,454	5	0.4	91.8%	1,334
Arm and Hand Table	04/13/2011	29,574	10	1.0	90.3%	26,714
Pedigo Chrome IV Pole	05/10/2011	366	7	0.9	87.2%	319
Pedigo Chrome IV Pole	05/10/2011	366	7	0.9	87.2%	319
Valleylab Force FXC	05/13/2011	6,970	7	0.9	87.4%	6,089
Cordless Driver 3	04/26/2011	8,880	5	0.9	81.4%	7,226
Cordless Driver 3	04/26/2011	8,880	5	0.9	81.4%	7,226
Wire Collet	04/26/2011	1,087	5	0.9	81.4%	884
Wire Collet	04/26/2011	1,087	5	0.9	81.4%	884
Pin Collet	04/26/2011	1,087	5	0.9	81.4%	884
Pin Collet	04/26/2011	1,087	5	0.9	81.4%	884
AO Small Drill	04/26/2011	1,087	5	0.9	81.4%	884
AO Small Drill	04/26/2011	1,087	5	0.9	81.4%	884
1/4 in. Drill w/ Key	04/26/2011	1,087	5	0.9	81.4%	884
1/4 in. Drill w/ Key	04/26/2011	1,037	5	0.9	81.4%	884
TPS Universla Plaster Case	04/26/2011	548	7	0.9	86.7%	475
TPS Universla Plaster Case	04/26/2011	548	7	0.9	86.7%	475
System 6 Charger	04/26/2011	6,100	12	0.9	92.2%	5,626
4 total System 6 Small Battery	04/26/2011	1,190	12	0.9	92.2%	1,098
Final Install & Setup NUVO	05/26/2011	1,900	12	0.8	92.9%	1,766
Premier Encorer min C-Arm	06/01/2011	29,365	7	0.8	88.1%	25,871
5 - Lead aprons	06/01/2011	1,139	7	0.8	88.1%	1,003
5 - Ultra Thyroid Collar	06/01/2011	153	7	0.8	88.1%	135
Allmed Mobile Porta Rak	06/01/2011	494	7	0.8	88.1%	435
Scott Sockets 2 - BD CS	06/01/2011	309	7	0.8	88.1%	272
Scott Arm Board 2 - BD A826F	06/01/2011	575	7	0.8	88.1%	507
Maquet Horseshoe Headrest	06/01/2011	1,855	7	0.8	88.1%	1,634
Schuremed Slide 2 - B00-0069	06/01/2011	210	7	0.8	88.1%	185
ISI Self Supporting Arm Table	06/01/2011	1,025	7	0.8	88.1%	903
ISI Pad for AT-4000 Arm Table	06/01/2011	340	7	0.8	88.1%	300
Scott Adj Patient Restriant	06/01/2011	185	7	0.8	88.1%	163
ATS 2000 Dual Channel Tourniquet	06/01/2011	6,440	7	0.8	88.1%	5,674
ATS 2000 Dual Channel Tourniquet	06/01/2011	6,440	7	0.8	88.1%	5,674
Scott 2 - BD-2420	06/01/2011	232	7	0.8	88.1%	204
Pedigo Chrome IV Pole	06/01/2011	260	7	0.8	88.1%	229
Pedigo Chrome IV Pole	06/01/2011	261	7	0.8	88.1%	230
Parametrics Flashpack	04/08/2011	1,807	7	1.0	86.0%	1,554
Parametrics Flashpack	04/08/2011	1,808	7	1.0	86.0%	1,555
Arm / Hand Table	08/25/2011	878	7	0.6	91.4%	803
Silcut Punch	05/25/2011	731	5	0.9	83.0%	606
Silcut Punch	05/25/2011	731	5	0.9	83.0%	606
Silcut Punch	05/25/2011	730	5	0.9	83.0%	606
Workroom Supplies	05/31/2011	608	12	0.8	93.0%	566



Description	Acquisition Date	Acquisition Cost	Economic Life	Age	% of Cost	Estimated Value
Buskin DSAEK Forceps	06/30/2011	675	5	0.8	84.9%	573
Hopkins II 30 Telescope and Cable	01/21/2011	3,835	7	1.2	83.0%	3,182
Carpeting, Resilient Flooring	02/01/2010	57,103	15	2.2	85.6%	48,874
Porcelain, Ceramic Tile and Sealed Concrete Flooring	02/01/2010	4,099	15	2.2	85.6%	3,508
Painting	02/01/2010	28,366	15	2.2	85.6%	24,278
Vinyl Wall Coverings	02/01/2010	5,005	15	2.2	85.6%	4,284
Cubicle Curtain Track	02/01/2010	1,952	10	2.2	78.4%	1,530
Wall & Corner Guards	02/01/2010	7,702	15	2.2	85.6%	6,592
Lockers	02/01/2010	11,041	10	2.2	78.4%	8,654
Fire Extinguishers	02/01/2010	638	12	2.2	82.0%	523
Toilet Accessories	02/01/2010	2,592	15	2.2	85.6%	2,218
Medical Gas System	02/01/2010	78,546	15	2.2	85.6%	67,227
Medical Equipment Plumbing	02/01/2010	50,891	15	2.2	85.6%	43,557
Kitchen Equipment Plumbing	02/01/2010	3,782	15	2.2	85.6%	3,237
Nurse Call System	02/01/2010	12,159	7	2.2	69.1%	8,404
Emergency Generator	02/01/2010	87,206	15	2.2	85.6%	74,707
Medical Equipment Electrical	02/01/2010	19,189	15	2.2	85.6%	16,424
Kitchen Equipment Electrical	02/01/2010	564	15	2.2	85.6%	483
Task Lighting	02/01/2010	23,763	15	2.2	85.6%	20,399
Decorative Lighting	02/01/2010	12,177	15	2.2	85.6%	10,422
Data Equipment Electrical	02/01/2010	1,901	15	2.2	85.6%	1,627
Telephone Equipment Electrical	02/01/2010	983	15	2.2	85.6%	841
CR 014: Changes to Reception Desk	02/01/2010	1,100	15	2.2	85.6%	941
CR 005: Emergency Back-up Lights in ORs	02/01/2010	590	15	2.2	85.6%	505
CR 011: Medical Equipment Changes	02/01/2010	50,144	15	2.2	85.6%	42,918
CR 016: Fire Rated Data Wiring Penetrations	02/01/2010	745	15	2.2	85.6%	638
CR 018: Countertop for Nurse Station	02/01/2010	1,438	15	2.2	85.6%	1,231
CR 019: Wood Base in Waiting Room	02/01/2010	838	15	2.2	85.6%	717
CR 022: Change Base Cabinet in Exam Room 121	02/01/2010	316	15	2.2	85.6%	270
CR 023: Add Can Light in Room 125	02/01/2010	632	15	2.2	85.6%	541
CR 028: Wood Frames for Stained Glass	02/01/2010	1,582	15	2.2	85.6%	1,354
CR 029: Add Sloped Top Elev. W	02/01/2010	164	15	2.2	85.6%	140
CR 031: TVs and Slides	02/01/2010	305	10	2.2	78.4%	239
CR 033: Add TP and Soap Dispensers	02/01/2010	301	15	2.2	85.6%	258
CR 034: Medical Gas Manifold Caps	02/01/2010	311	15	2.2	85.6%	266
CR 037: Counter Shutter Door	02/01/2010	1,524	15	2.2	85.6%	1,304
CR 038: Nitrogen Pressure Sensor OR #1	02/01/2010	802	15	2.2	85.6%	686
CR 039: Speaker and I-Pod Station in OR #1	02/01/2010	376	12	2.2	82.0%	308
CR 042: Electrical Changes for IDPH	02/01/2010	4,966	15	2.2	85.6%	4,250
GRAND TOTAL		\$1,461,098				\$1,193,982



SCHEDULE 1B

To

Asset Purchase Agreement

EXCLUDED ASSETS

1. All cash, cash equivalents, marketable securities and other investments of ASC and all bank accounts of ASC and records relating thereto.
2. All accounts, notes, interest and other receivables of ASC and all claims, rights, interests and proceeds related thereto.
3. All insurance proceeds payable to ASC for services provided prior to the Closing.
4. All claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to or due from a third party) with respect to amounts overpaid by ASC to any third party.
5. All of ASC's accounting and billing records.
6. ASC's charter documents, minute books, other corporate records, and tax records.
7. All assets that would revert to the employer upon the termination of any Employee Benefit Plan, including assets representing a surplus or overfunding of any such Employee Benefit Plan.
8. Any portion of inventory, prepaid items and other Assets disposed of, expended or canceled, as the case may be, by ASC after the date of this Agreement and prior to the Closing Date in the normal and ordinary conduct of its business operations.
9. All unclaimed property of any third party as of the Closing Date, including, without limitation, property which is subject to applicable escheat laws.
10. Consignment items held at ASC.
11. Artwork in patient waiting rooms, including, but not limited to:
 - a. Jai Liu oriental artwork signed by artist, dated February 2007
 - b. Chinese print/gold framed and under glass

SCHEDULE 2

To

Asset Purchase Agreement

ASSUMED CONTRACTS

EQUIPMENT LEASES: (If none, state "None.")

1. SLT Laser Lease
2. Lensx Femtosecond Laser System
3. Iridex Laser Lease
4. CO2 Laser Lease with Fortech Medical
5. Karl Storz Orthopedic Equipment Lease

LEASE AGREEMENTS: (If none, state "None.")

NONE

SPACE LEASE:

SERVICE & SUPPORT AGREEMENT: (If none, state "None.")

1. Lensx Femtosecond Laser System Service Agreement with Sight Path Medical, LLC
2. ECSI HVAC Agreement
3. EL Pruitt Maintenance Agreement
4. Stericycle Medical Waste Removal Agreement
5. Cintas Document Shredding Agreement
6. Aramark Uniform and Laundry Agreement
7. Watts Copier Agreement
8. Air Gas Supply Agreement
9. Bell Medical Agreement
10. Pharmaceutical Consultant Agreement with Delores Frederick
11. Fortec Medical Services Agreement

12. CIS- Security and Fire Protection Agreement

13. Cardinal Cleaning Agreement

PROVIDER AGREEMENTS:

1. Blue Cross Blue Shield
2. Health Link
3. Coventry/Personal Care
4. Humana

EMPLOYMENT AGREEMENTS:

1. Sarah Hilligross- Clinical Director

DRAFT

SCHEDULE 8.3

To

Asset Purchase Agreement

TAX ALLOCATION OF PURCHASE PRICE

DRAFT

SCHEDULE 8.3

To

Asset Purchase Agreement

FINANCIAL STATEMENTS

Attached are unaudited financial statements for 2011, 2012, and the partial year 2013, through

_____.

DRAFT

SCHEDULE 8.6

To

Asset Purchase Agreement

MATERIAL LIABILITIES & DEBTS

1. Liens

Illinois File Number	Secured Party	Notes
016367605	Karl Storz Capital	Last payment- June 2014
015039361	Alcon Laboratories, Inc.	No lien remains
014937064	PNC Equipment Finance	No lien remains
014818006	US Bancorp	No lien remains
014795650	PNC Bank, National Association	

2. Loans

- a. Kane-Yeh Family Trust (will be paid off by ASC through sale proceeds)
- b. Prairie Eye Center (will be paid off by ASC through sale proceeds)
- c. \$1 Million Promissory Note from PNC Bank

SCHEDULE 8.7

To

Asset Purchase Agreement

LICENSES AND PERMITS

1. Certificate of Need for Orthopedics and Ophthalmology
2. AAA Accreditation
3. Medicare

DRAFT

SCHEDULE 8.8

To

Asset Purchase Agreement

LITIGATION

None

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SCHEDULE 8.10

To

Asset Purchase Agreement

EMPLOYEES

Employee	Full Time/Part Time (F/P)	Hire Date	Earnings Rate (\$)	Position
Jennifer Bartlett	P	4/30/12	\$25.00/hour	Surgical Tech
Tracie Bollinger	F	9/14/10	\$14.25/hour	Instrument Sterilizati
Karen Dawson	F	9/16/10	\$32.32/hour	Pre-Operative Tech
Callie Dowland	F	4/28/11	\$18.25/hour	Surgical Tech
Joy Graney	F	9/16/10	\$35/hour	Pre-Operative RN
Deborah Harrington	F	1/1/11	\$17/hour	Receptionist
Elizabeth Heady	F	12/28/09	\$24.46/hour	Head Surgical Tech
Cheryl Held	P	4/15/11	\$38/hour	Pre-Operative Tech
Sarah Hilligross	F	9/1/09	\$85,00/year	Nurse Manager
Ellen Hodel-Brown	F	9/15/10	\$32.32/hour	Pre-Operative RN
Paul House	P	9/12/10	\$38/hour	Pre-Operative RN
Joseph Jiardina	P	5/19/11	\$38/hour	Pre-Operative RN
Regina Jiardina	F	9/15/10	\$32.32/hour	Pre-Operative Tech
Susan Miller	F	9/16/10	\$35/hour	Pre-Operative Tech
Paula Reliford	F	9/16/10	\$34/hour	Pre-Operative RN
Terry Reside	P	9/17/10	\$24/hour	Surgical Tech
Lynn Weiskopf-Trees	P	9/20/10	\$38/hour	Pre-Operative Tech
Richard Bergh	P		\$11/hour	Maintenance
Traci Smith	P		\$24/hour	Surgical Tech

SCHEDULE 8.12

To

Asset Purchase Agreement

ENCUMBRANCES

Liens

Illinois File Number	Secured Party	Notes
016367605	Karl Storz Capital	Last payment June 2014
015039361	Alcon Laboratories, Inc.	No lien remains
014937064	PNC Equipment Finance	No lien remains
014818006	US Bancorp	No lien remains
014795650	PNC Bank, National Association	No lien remains

DRAFT

SCHEDULE 8.14

To

Asset Purchase Agreement

ERISA MATTERS

None

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SCHEDULE 8.14

To

Asset Purchase Agreement

EXCEPTIONS TO NON-COMPETE

ATTACHMENT #6

Evidence of bond rating is attached.

FitchRatings

FITCH AFFIRMS HOSPITAL SISTERS SERVICES, INC., IL'S OUTSTANDING BONDS AT 'AA-/F1+'; OUTLOOK STABLE

Fitch Ratings-Chicago-08 March 2011: As part of its ongoing surveillance review process, Fitch Ratings has affirmed the 'AA-' rating on approximately \$346.9 million Illinois Finance Authority and approximately \$205.3 million Wisconsin Health and Educational Facilities Authority revenue bonds issued on behalf of Hospital Sisters Services, Inc (HSSI). In addition, Fitch affirms the 'F1+' short-term rating on approximately \$87.3 million Wisconsin Health and Educational Facilities Authority series 2003B and series 2008B revenue bonds and approximately \$108.9 million Illinois Finance Authority series 2008A revenue bonds based on the sufficiency of internal liquidity provided by HSSI.

The Rating Outlook is Stable.

RATING RATIONALE:

--The 'AA-' rating reflects HSSI's robust liquidity position, which provides a strong financial cushion against marginal operating performance and the risks associated with its variable rate debt exposure.

--Operating profitability was depressed in fiscal 2010 and through the six-month interim period ended Dec. 31, due to the corporation's heavy investment in physician practices and physician alignment strategies.

--HSSI's light debt burden combined with investment income generated from its sizable balance sheet has allowed for solid historical debt service coverage even with modest operating profitability, however, coverage by operating EBITDA is adequate.

--The credit concerns remain HSSI's location in mid-sized markets with stagnant growth, the concentration of system revenue at St. John's, the flagship hospital in Springfield, and its reliance on its five Wisconsin hospitals to cover losses at four of its eight Illinois facilities.

KEY RATING DRIVERS:

--Maintain robust liquidity position while physician acquisitions and additions are integrated into the system.

--Realization of benefits related to its employed physician strategy and continuation of operational improvement initiatives including supply chain, labor productivity, and revenue cycle management.

SECURITY:

A pledge of gross receipts of HSSI.

CREDIT SUMMARY:

The 'AA-' rating reflects the benefits of HSSI's robust balance sheet and light debt burden, adequate historical profitability and solid debt service coverage by EBITDA. Liquidity indicators are strong and are considered a primary credit strength. At Dec. 31, 2010, HSSI's unrestricted cash and investments totaled \$1.34 billion, which translates into 269.4 days cash on hand (DCOH), a cushion ratio 38.2 times (x) and cash-to-debt of 236%; all of which well exceed Fitch's respective 'AA' category medians of 214.7 DCOH, 19.6x and 149.9%. HSSI's debt burden is modest as maximum annual debt service (MADS) represents a light 1.7% of revenue and debt to capitalization of 22.7%, which both compare favorably to Fitch's 'AA' medians of 2.6% and 34%, respectively.

Operating profitability declined in fiscal 2010 as weaker volumes and the increased costs related to HSSI's investment in physician practices weakened system financial performance. Inpatient admissions declined 4.8% in fiscal 2010 while surgical volumes were virtually flat from the prior year. During fiscal 2010, HSSI increased the number of employed physician full time equivalents (FTEs) from 63 to 156 by year end. Through the six month interim period ended Dec. 31, 2010, an additional 50 physician FTEs have been added. Along with the acquisition of established physician practices, HSSI has many newly recruited physicians, which requires start up costs. While the

investment in physicians' practices is expected to depress profitability in fiscal 2011, Fitch believes HSSI's physician alignment strategy is critical to protecting its market position in its service areas.

In fiscal 2010, HSSI produced \$42.6 million in savings from system-wide initiatives including supply chain management, labor cost management and revenue cycle initiatives and is projecting \$62.5 million in savings in fiscal 2011. Despite this, HSSI's operating and operating EBITDA margins were 0.9% and 7.2% on total revenues of \$1.89 billion, below the 'AA' category median of 3.7% and 10.3%, respectively and down from fiscal 2009 results. In addition, without provider tax revenue (\$20 million), HSSI would have had unprofitable operations in fiscal 2010. Due to HSSI's continued physician investment, fiscal 2011 operating income is budgeted to be \$16.5 million and performance through the six months ended Dec. 31, 2010 was -\$13.7 million operating income and -1.4% operating margin.

Credit concerns continue to be HSSI's location in mid-sized markets with little projected population growth, the concentration of system revenue at one facility, and its reliance on its Wisconsin operations to cover losses at its Illinois facilities. The continued operating losses reported at St. John's-Springfield, which accounted for about 22% of total system revenues in fiscal 2010, are troubling. St. John's has recorded losses from operations over the last three years averaging about \$16.1 million per year, and is projected to lose another \$25 million in fiscal 2011. However, HSSI has an operating improvement plan currently under way at the facility, including an extensive project to rebuild surgery and four patient floors, which is expected to result in breakeven operations by fiscal 2015. The financial health of St. John's is critical to the overall operating success of the system. Historically, HSSI's more profitable Wisconsin operations have offset the weaker performance of the Illinois facilities. Any deleterious change to the Wisconsin healthcare operating environment would likely place pressure on HSSI's already low operating margins and be a negative credit factor.

The 'F1+' short-term rating reflects the sufficiency of HSSI's cash and investments available to fund the series 2008A&B and series 2003B bonds while in a unit pricing (commercial paper) mode. At Jan. 31, 2011, after assigning appropriate discounts based on underlying ratings and maturity of its holdings (per Fitch's rating criteria related to self liquidity [see Fitch's report 'Criteria for Assigning Short-Term Ratings Based on Internal Liquidity' dated Dec. 29, 2009]), HSSI had liquid cash and fixed income investments of approximately \$652.8 million. Based on Fitch's criteria, HSSI's eligible cash and investments would cover the entire cost of any un-remarketed roll over of the series 2008 A&B bonds and 2003B bonds while in a unit pricing mode by at least 3.4x, well above the required threshold of 1.25x to achieve the 'F1+' short-term rating. The system has written procedures in place to ensure payment on the series 2008A&B and 2003B bonds and provides Fitch monthly investment reports which are used to monitor its cash and investment position available for self liquidity.

The Stable Outlook reflects the system's significant balance sheet strength and the strategies in place to create sustained operating improvements, including a physician alignment strategy. Although Fitch is tolerant of the temporary decline in operating profitability due to the investment in its physician practice strategy, a prolonged period of poor operations could pressure the rating.

HSSI is composed of 13 inpatient hospitals, with eight facilities in Illinois and five facilities in Wisconsin. In fiscal 2010, the system had 2,041 beds in operation and net patient revenue of \$1.82 billion. HSSI covenants to provide bondholders with audited annual information within 120 days of fiscal year-end and unaudited quarterly statements within 45 days of quarter-end to the national recognized municipal securities information repositories and through Digital Assurance Certification, L.L.C. The content of HSSI's disclosure to-date has been excellent and includes a balance sheet, income statement, cash flow statement, utilization statistics, and management discussion and analysis.

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In addition to the sources of information identified in the U.S. Municipal Revenue-Supported Rating Criteria, this action was additionally informed by information from the Underwriter and HSSI.

Applicable Criteria and Related Research:

- 'Revenue-Supported Rating Criteria', dated Oct. 8, 2010;
- 'Nonprofit Hospitals and Health Systems Rating Criteria', dated Dec. 29, 2009;
- 'Criteria for Assigning Short-Term Ratings Based on Internal Liquidity', dated Dec. 29, 2009.

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

Applicable Criteria and Related Research:

Revenue-Supported Rating Criteria

http://www.fitchratings.com/creditedesk/reports/report_frame.cfm?rpt_id=564565

Nonprofit Hospitals and Health Systems Rating Criteria

http://www.fitchratings.com/creditedesk/reports/report_frame.cfm?rpt_id=493186

Criteria for Assigning Short-Term Ratings Based on Internal Liquidity

http://www.fitchratings.com/creditedesk/reports/report_frame.cfm?rpt_id=493176

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ATTACHMENT #7

VERIFICATIONS

In compliance with the rules of the Health Facilities Services and Review Board (the "board"), St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis (the "Hospital"), provides the following verifications in connection with the change of ownership (the "Project") of Prairie Surgicenter Associates, LLC (the "Facility"):

1. Categories of Service. Pursuant to §1130.520(b)(1) of the Board rules, the Hospital hereby verifies that the categories of service and number of beds at the Facility, as reflected in the Inventory of Health Care Facilities, will not substantially change for at least twelve (12) months following the Project's completion date.
2. Three-Year Ownership. Pursuant to §1130.520(b)(5) of the Board rules, the Hospital hereby verifies that it intends to maintain ownership and control of the Facility for a minimum of three (3) years.
3. Completion of Project. Pursuant to §1130.520(b)(8) of the Board rules, the Hospital hereby verifies that it understands that failure to complete the Project in accordance with the applicable provisions of §1130.570 of the Board rules, no later than twelve (12) months from the date of exemption approval (or by a later date established by the Board upon a finding that the project has proceeded with due diligence) and failure to comply with the material change requirements of §1130.520(b)(8), will invalidate the exemption.

Signature of Authorized Officer: 

Name of Authorized Officer: Larry P. Schumacher

Title of Authorized Officer: Interim President & CEO