

ORIGINAL

11-023

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION NOV 23 2011

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Central DuPage Hospital—expansion of Acute Mental Illness category of service		
Street Address:	25 North Winfield Road		
City and Zip Code:	Winfield, IL 60190		
County:	DuPage	Health Service Area	VII
		Health Planning Area:	A-05

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Central DuPage Hospital Association
Address:	25 North Winfield Road Winfield, IL 60190
Name of Registered Agent:	
Name of Chief Executive Officer	Michael Vivoda, President
CEO Address:	25 North Winfield Road Winfield, IL 60190
Telephone Number:	630/933-5500

Type of Ownership of Applicant/Co-Applicant

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other

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

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

Primary Contact

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

Name:	Michael Vivoda
Title:	President
Company Name:	Central DuPage Hospital
Address:	25 North Winfield Road Winfield, IL 60190
Telephone Number:	630/933-5500
E-mail Address:	
Fax Number:	630/933-2739

Additional Contact

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Facility/Project Identification**

Facility Name: Central DuPage Hospital—expansion of Acute Mental Illness category of service			
Street Address: 25 North Winfield Road			
City and Zip Code: Winfield, IL 60190			
County: DuPage	Health Service Area VII	Health Planning Area: A-05	

**Applicant /Co-Applicant Identification**

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	CDH-Delnor Health System
Address:	25 North Winfield Road Winfield, IL 60190
Name of Registered Agent:	
Name of Chief Executive Officer	J. Luke McGuinness, President & CEO
CEO Address:	25 North Winfield Road Winfield, IL 60190
Telephone Number:	630/933-5500

**Type of Ownership of Applicant/Co-Applicant**

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other

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- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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**Primary Contact**

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

Name:	Michael Vivoda
Title:	President
Company Name:	Central DuPage Hospital
Address:	25 North Winfield Road Winfield, IL 60190
Telephone Number:	630/933-5500
E-mail Address:	
Fax Number:	630/933-2739

**Additional Contact**

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

**Post Permit Contact**

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

Name:	same as primary contact
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Central DuPage Hospital Association
Address of Site Owner:	25 North Winfield Road Winfield, IL 60190
Street Address or Legal Description of Site:	25 North Winfield Road Winfield, IL 60190
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
<b>APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>	

**Operating Identity/Licensee**

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

Exact Legal Name:	Central DuPage Hospital Association	
Address:	25 North Winfield Road Winfield, IL 60190	
<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>		
<b>APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>		

**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

<b>APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>
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### Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

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

### Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

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

### DESCRIPTION OF PROJECT

#### 1. Project Classification

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

Part 1110 Classification:

- Substantive  
 Non-substantive

Part 1120 Applicability or Classification:  
[Check one only.]

- Part 1120 Not Applicable  
 Category A Project  
 Category B Project  
 DHS or DVA Project

## 2. Narrative Description

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

The co-applicants propose to add 11 beds to their existing acute mental illness (AMI) service in response to occupancy rates that have exceeded 100% in each of the past two years. The additional beds will be added through the renovation of existing space.

In addition to its inpatient acute mental illness service, Central DuPage Hospital operates a robust outpatient AMI service, which is located in a freestanding building on the hospital campus. The outpatient service is not being addressed in this application, but may be addressed as a separate project in the future.

This is a non-substantive application because the scope of the project is limited to the expansion of an existing category of service by fewer than twenty beds.

## Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$10,000		\$10,000
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	620,000		620,000
Contingencies	40,000		40,000
Architectural/Engineering Fees	79,200		79,200
Consulting and Other Fees	100,000		100,000
Movable or Other Equipment (not in construction contracts)	198,000		198,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>\$1,047,200</b>		<b>\$1,047,200</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,047,200		\$1,047,200
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$1,047,200</b>		<b>\$1,047,200</b>

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

### Related Project Costs

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

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	
The project involves the establishment of a new facility or a new category of service		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If yes, provide the dollar amount of all <b>non-capitalized</b> operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>none</u> .		

### Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:	
<input type="checkbox"/> None or not applicable	<input checked="" type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>August 1, 2012</u>	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies	
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.	
<b>APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>	

### State Agency Submittals

Are the following submittals up to date as applicable:
<input checked="" type="checkbox"/> Cancer Registry
<input checked="" type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits
<b>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</b>

## Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							

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



## Facility Bed Capacity and Utilization

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

FACILITY NAME: Central DuPage Hospital		CITY: Winfield			
REPORTING PERIOD DATES: From: January 1, 2009 to: December 31, 2009					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	213	12,935	54,877	None	213
Obstetrics	35	3,929	11,867	None	35
Pediatrics	10	1,191	4,111	None	10
Intensive Care	32*	2,626	10,193	None	32*
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	15*	1,432**	5,481**	+11	26
Neonatal Intensive Care	8	185	1,201	None	8
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other (dedicated observation)			509		
<b>TOTALS:</b>	<b>313</b>	<b>22,298</b>	<b>88,239</b>	<b>+11</b>	<b>324</b>

\* On September 28, 2010 the hospital filed a letter with the IHFSRB seeking approval to add 18 ICU and 2 Acute Mental Illness beds. As of the filing of this application, approval of the additional beds is pending a survey from IDPH's licensure division.

\*\*Reported consistent with IDPH Hospital Profile. Please see discussion in ATTACHMENT 15.

**CERTIFICATION**

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

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

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

*Luke McGuinness*  
SIGNATURE

Luke McGuinness  
PRINTED NAME

President & CEO  
PRINTED TITLE

*James T. Spear*  
SIGNATURE

James T. Spear  
PRINTED NAME

Exec. Vice President and CFO  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 13 day of May

Notarization:  
Subscribed and sworn to before me  
this 13 day of May

*Cynthia J. Lasek*  
Signature of Notary

*Cynthia J. Lasek*  
Signature of Notary

Seal

Seal

\*Insert EXACT legal name of the applicant



**CERTIFICATION**

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

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

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

*Michael V. Vivoda*

SIGNATURE

Michael.V. Vivoda

PRINTED NAME

President

PRINTED TITLE

*Debra O'Donnell*

SIGNATURE

Debra O'Donnell

PRINTED NAME

Vice President and CNO

PRINTED TITLE

Notarization:

Subscribed and sworn to before me this 13 day of May

Notarization:

Subscribed and sworn to before me this 13 day of May

*Cynthia J. Lasek*

Signature of Notary

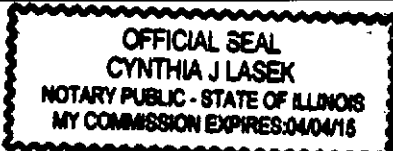
Seal

*Cynthia J. Lasek*

Signature of Notary

Seal

\*Insert EXACT legal name of the applicant



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

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

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

READ THE REVIEW CRITERION and provide the following required information:

##### BACKGROUND OF APPLICANT

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

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

##### PURPOSE OF PROJECT

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

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

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

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

## ALTERNATIVES

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

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
  - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
  - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
  - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
  - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

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

**SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**

**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

**SIZE OF PROJECT:**

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative.
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
  - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
  - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
  - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Acute Mental Illness	10,622 dgsf	14,560 dgsf	3,938 dgsf	yes

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**PROJECT SERVICES UTILIZATION:**

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15. **provided in narrative**

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**UNFINISHED OR SHELL SPACE:**

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
  - a. Requirements of governmental or certification agencies; or
  - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
  - a. Historical utilization for the area for the latest five-year period for which data are available; and
  - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

**APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**ASSURANCES:**

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

**APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**C. Criterion 1110.730 - Acute Mental Illness and Chronic Mental Illness**

1. Applicants proposing to establish, expand and/or modernize Acute Mental Illness and Chronic Mental Illness category of service must submit the following information:
2. Indicate bed capacity changes by Service:      Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
<input checked="" type="checkbox"/> Acute Mental Illness	15	26
<input type="checkbox"/> Chronic Mental Illness		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.730(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.730(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.730(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.730(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.730(b)(5) - Planning Area Need - Service Accessibility	X		
1110.730(c)(1) - Unnecessary Duplication of Services	X		
1110.730(c)(2) - Maldistribution	X		
1110.730(c)(3) - Impact of Project on Other Area Providers	X		
1110.730(d)(1) - Deteriorated Facilities			X
1110.730(d)(2) - Documentation			X
1110.730(d)(3) - Documentation Related to Cited Problems			X
1110.730(d)(4) - Occupancy			X
1110.730(e)(1) - Staffing Availability	X	X	
1110.730(f) - Performance Requirements	X	X	X
1110.730(g) - Assurances	X	X	X

**APPEND DOCUMENTATION AS ATTACHMENT-22 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



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

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

**VIII. - 1120.120 - Availability of Funds**

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

_ \$1,047,200 _	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> <li>1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and</li> <li>2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;</li> </ol>
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: <ol style="list-style-type: none"> <li>1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;</li> <li>2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;</li> <li>4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;</li> <li>5) For any option to lease, a copy of the option, including all terms and conditions.</li> </ol>
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<b>\$1,047,200</b>	<b>TOTAL FUNDS AVAILABLE</b>	

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

IX.

1120.130 - Financial Viability

**not applicable, cash and internal sources to be used for funding**

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

2. Variance

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

**APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**X. 1120.140 - Economic Feasibility**

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

**A. Reasonableness of Financing Arrangements**

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

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

**B. Conditions of Debt Financing**

**not applicable, cash and internal sources to be used for funding**

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

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

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

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE											
Department (list below)	A	B	C		D		E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)			
Contingency											
<b>TOTALS</b>											

\* Include the percentage (%) of space for circulation

**D. Projected Operating Costs**

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

**E. Total Effect of the Project on Capital Costs**

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

APPEND DOCUMENTATION AS ATTACHMENT 42 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**XI. Safety Net Impact Statement**

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

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

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

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

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

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2008	2009	2010
Inpatient	955	1,083	966
Outpatient	15,753	17,936	18,850
<b>Total</b>	<b>16,708</b>	<b>19,019</b>	<b>19,816</b>
Charity (cost in dollars)			
Inpatient	\$6,21,2406	\$6,694,000	\$6,966,000
Outpatient	\$4,470,224	\$6,431,000	\$8,412,000
<b>Total</b>	<b>\$10,682,630</b>	<b>\$13,125,000</b>	<b>\$15,378,000</b>
MEDICAID			
Medicaid (# of patients)	2008	2009	2010
Inpatient	2,078	2,307	2,247
Outpatient	56,352	75,613	82,392
<b>Total</b>	<b>58,430</b>	<b>77,920</b>	<b>84,639</b>
Medicaid (revenue)			
Inpatient	\$23,823,126	\$11,833,901	\$19,799,126
Outpatient	\$6,079,344	\$2,636,485	\$9,445,556
<b>Total</b>	<b>\$29,902,470</b>	<b>\$14,470,386</b>	<b>\$29,244,682</b>

**APPEND DOCUMENTATION AS ATTACHMENT 43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**XII. Charity Care Information**

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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

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

**Central DuPage Hospital**

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	\$527,050,868	\$572,122,109	\$540,317,939
Amount of Charity Care (charges)	\$38,557,935	\$48,612,138	\$59,838,049
Cost of Charity Care	\$10,682,630	\$13,125,000	\$15,378,080

**APPEND DOCUMENTATION AS ATTACHMENT 44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**XII. Charity Care Information**

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

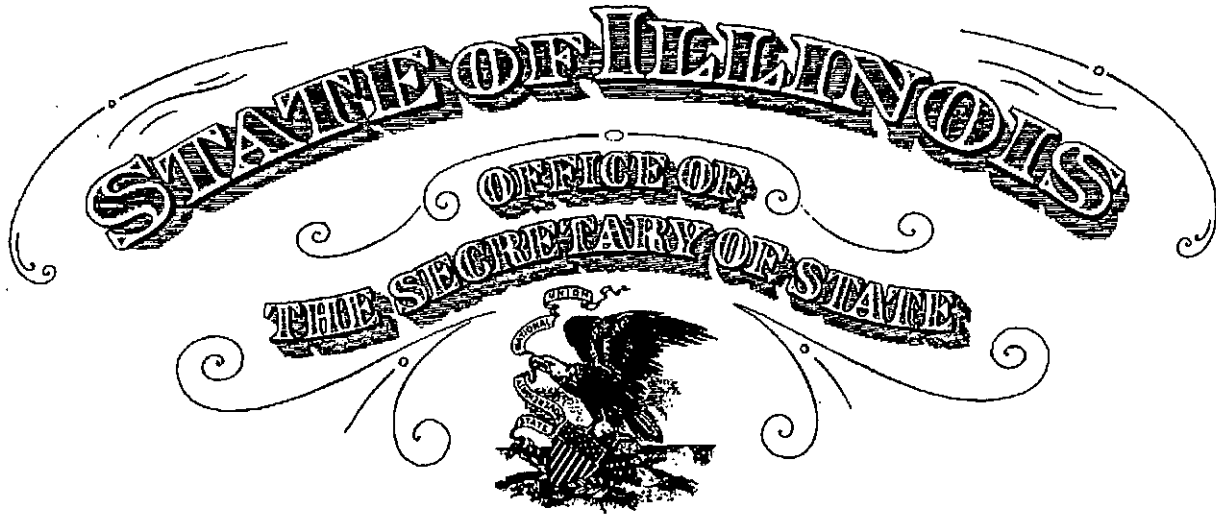
Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

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

**Delnor Hospital**

CHARITY CARE			
	2008	2009	2010
<b>Net Patient Revenue</b>	<b>\$208,959,443</b>	<b>\$215,426,178</b>	<b>\$207,812,822</b>
Amount of Charity Care (charges)	\$7,423,099	\$9,158,815	\$11,858,450
Cost of Charity Care	\$2,506,204	\$2,901,300	\$3,668,178

**APPEND DOCUMENTATION AS ATTACHMENT 44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



To all to whom these Presents Shall Come, Greeting:

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

CDH-DELNOR HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 03, 1980, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 3RD day of MAY A.D. 2011 .

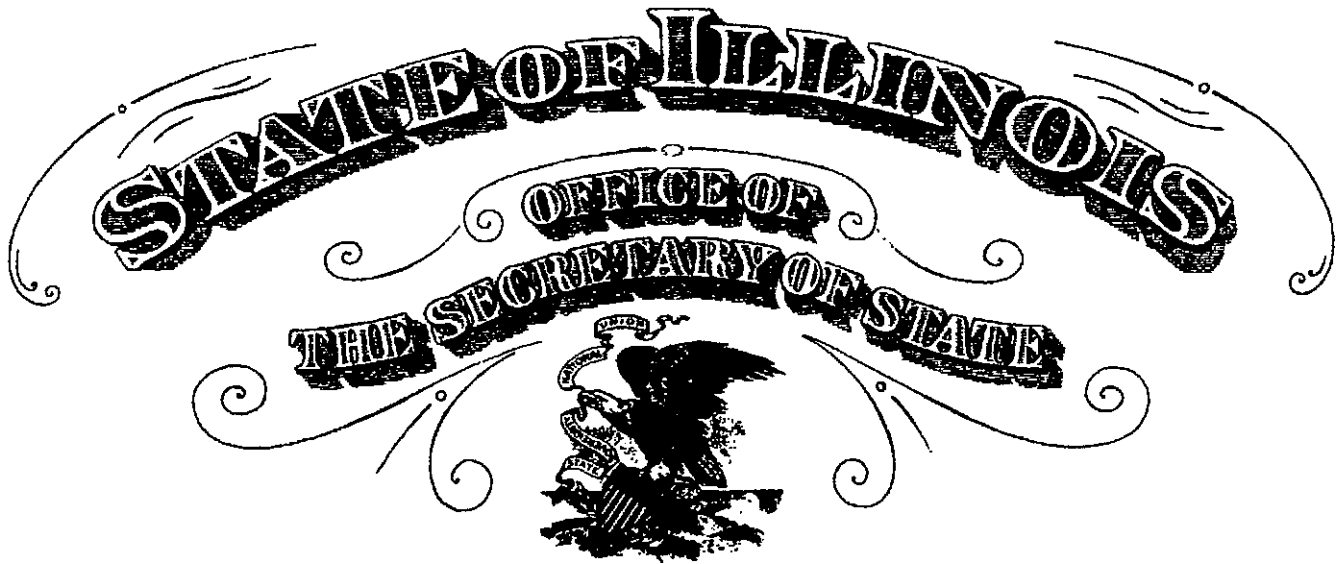
Jesse White

SECRETARY OF STATE

Authentication #: 1112301122  
Authenticate at: <http://www.cyberdriveillinois.com>

ATTACHMENT 1





To all to whom these Presents Shall Come, Greeting:

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

CENTRAL DU PAGE HOSPITAL ASSOCIATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 05, 1958, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 5TH day of NOVEMBER A.D. 2010 .



Jesse White

Authentication #: 1030902222

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

SECRETARY OF STATE ATTACHMENT 1

# COMMITMENT FOR TITLE INSURANCE



## Chicago Title Insurance Company

CHICAGO TITLE INSURANCE COMPANY, a Nebraska corporation, herein called the Company, for valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the Land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedule A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate 6 months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, Chicago Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Issued By:

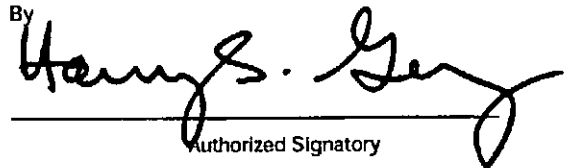
CHICAGO TITLE INSURANCE COMPANY  
1725 S. NAPERVILLE RD  
WHEATON, IL 60187

Refer Inquiries To:

(630)871-3500

CHICAGO TITLE INSURANCE COMPANY

By

  
Authorized Signatory



Commitment No.: 1410 020107155 UL

ATTACHMENT 2

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A

YOUR REFERENCE: CDH MAIN CAMPUS

ORDER NO.: 1410 020107155 UL

EFFECTIVE DATE: OCTOBER 14, 2010

1. POLICY OR POLICIES TO BE ISSUED:

OWNER'S POLICY: ALTA OWNERS 2006  
AMOUNT: \$1,000,000.00  
PROPOSED INSURED: CURRENT TITLE HOLDERS

2. THE ESTATE OR INTEREST IN THE LAND DESCRIBED OR REFERRED TO IN THIS COMMITMENT IS FEE SIMPLE, UNLESS OTHERWISE NOTED.
3. TITLE TO THE ESTATE OR INTEREST IN THE LAND IS AT THE EFFECTIVE DATE VESTED IN:  
CENTRAL DU PAGE HOSPITAL ASSOCIATION, A NOT-FOR-PROFIT CORPORATION, AS TO PARCEL 1 AND  
AS TO THE EAST 110 FEET OF THE WEST 210 FEET OF PARCEL 2 AND LOTS 3 AND 4 IN PARCEL 3  
AND AS TO PARCEL 4

NBD TRUST COMPANY OF ILLINOIS, AS TRUSTEE UNDER TRUST AGREEMENT DATED DECEMBER 5, 1985

CONTINUED ON NEXT PAGE

ATTACHMENT 2

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A (CONTINUED)

ORDER NO. : 1410 020107155 UL

3. VESTED IN (CONTINUED):

AND KNOWN AS TRUST NUMBER 4752WH, AS TO THE EAST 287 FEET EXCEPT THE WEST 127 FEET OF PARCEL 2

CENTRAL DUPAGE HOSPITAL, AN ILLINOIS NOT FOR PROFIT CORPORATION, AS TO THE WEST 100 FEET OF PARCEL 2 AND AS TO THE EAST 123 FEET OF THE WEST 333 FEET OF PARCEL 2 AND AS TO PARCEL 2 EXCEPT THE WEST 333 FEET AND EXCEPT THE EAST 160 FEET

CENTRAL DUPAGE HEALTH SYSTEM, AS TO LOTS 1 AND 2 IN PARCEL 3 AND AS TO PARCEL 5

ATTACHMENT 2

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A (CONTINUED)

ORDER NO. : 1410 020107155 UL

4A. LOAN POLICY 1 MORTGAGE OR TRUST DEED TO BE INSURED:

NONE

4B. LOAN POLICY 2 MORTGAGE OR TRUST DEED TO BE INSURED:

NONE

ATTACHMENT 2

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A (CONTINUED)

ORDER NO.: 1410 020107155 UL

5. THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS :

PARCEL 1: THAT PART OF THE SOUTH 1/2 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED BY BEGINNING AT THE POINT OF INTERSECTION OF THE CENTER LINE OF COUNTY HIGHWAY NO. 13 (WINFIELD ROAD) AS DEDICATED ON JUNE 24, 1964 AS DOCUMENTS R64-22132, R64-22133 AND R64-22131, WITH THE SOUTH LINE OF SAID SOUTH 1/2; THENCE NORTH ON SAID CENTER LINE, 456.79 FEET TO A POINT OF CURVATURE IN SAID CENTER LINE; THENCE CONTINUING NORTHERLY ON SAID CENTER LINE, ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1145.92 FEET, 640.00 FEET TO THE POINT OF TANGENCY OF SAID CURVE; THENCE CONTINUING NORTHERLY ON SAID CENTER LINE, 197.57 FEET TO A POINT OF CURVE IN SAID CENTER LINE; THENCE CONTINUING NORTHERLY ON SAID CENTER LINE ON A CURVE TO THE LEFT, HAVING A RADIUS OF 954.93 FEET TO THE SOUTH LINE OF WINFIELD HEIGHTS, UNIT NO. 2, A SUBDIVISION IN SAID SECTION 12; THENCE EAST ON THE SOUTH LINE OF SAID UNIT NO. 2 TO THE EAST LINE OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 12 (BEING ALSO THE WEST LINE OF BLOCK 3 OF ARTHUR T. MC INTOSH AND CO'S WINFIELD KNOLLS, A SUBDIVISION IN SAID SECTION 12); THENCE SOUTH ON SAID WEST LINE OF BLOCK 3, TO THE SOUTH LINE OF SAID SECTION 12; THENCE WEST ALONG SAID SOUTH LINE OF SECTION 12, 1326.43 FEET TO THE POINT OF BEGINNING, (EXCEPT THAT PART OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT (CONCRETE MONUMENT) IN THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SECTION 12 AND THE NORTHWEST CORNER OF A. T. MC INTOSH AND CO'S WINFIELD KNOLLS SUBDIVISION IN THE VILLAGE OF WINFIELD; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF A. T. MC INTOSH AND CO'S WINFIELD KNOLLS SUBDIVISION, 175.0 FEET FOR THE POINT OF BEGINNING; THENCE SOUTHERLY 80.0 FEET ALONG THE WESTERLY LINE OF A. T. MC INTOSH AND CO'S WINFIELD KNOLLS SUBDIVISION; THENCE WESTERLY AT RIGHT ANGLES TO THE LAST DESCRIBED COURSE, 100.0 FEET; THENCE NORTHERLY PARALLEL TO THE WESTERLY LINE OF SAID SUBDIVISION 80.0 FEET; THENCE EASTERLY 100.0 FEET TO THE POINT OF BEGINNING), IN DU PAGE COUNTY, ILLINOIS

PARCEL 2: BLOCK 1 IN THE "TOWN OF FRIEDRICKSBURG", BEING A SUBDIVISION OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 8, 1853 AS DOCUMENT 6843, (EXCEPT THE EAST 33.00 FEET THEREOF SHOWN AS WILLARD WAY ON A PLAT OF HIGHWAYS RECORDED AS DOCUMENT R90-26747), IN DU PAGE COUNTY, ILLINOIS

PARCEL 3: THAT PART OF LOTS 1, 2, 3, AND 4 LYING NORTH OF THE NORTH LINE OF HIGH LAKE ROAD AS DEDICATED BY DOCUMENT R90-267497 IN ROTH SUBDIVISION OF WINFIELD, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED, AUGUST 21, 1925 AS DOCUMENT 198320, IN DUPAGE COUNTY, ILLINOIS.

PARCEL 4: THAT PART OF THE NORTH 100.00 FEET OF THE NORTHEAST 1/4 OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF THE EAST LINE OF ROTH SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 21, 1925 AS DOCUMENT 198320, AND LYING NORTH AND NORTHWESTERLY OF THE NORTH AND NORTHWESTERLY RIGHT OF WAY LINES OF JEWELL ROAD AS DEDICATED AND/OR SHOWN ON THE PLAT OF HIGHWAYS RECORDED AS DOCUMENT R90-26747, IN DU PAGE COUNTY, ILLINOIS

CONTINUED ON NEXT PAGE

ATTACHMENT 2

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE A (CONTINUED)

ORDER NO.: 1410 020107155 UL

5. THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS (CONTINUED):

PARCEL 5: LOT 16 IN BLOCK 1 IN WINFIELD HEIGHTS UNIT NO. 2, BEING A SUBDIVISION OF PART OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 8, 1964 AS DOCUMENT R64-24075, IN DUPAGE COUNTY, ILLINOIS

ATTACHMENT 2

CHICAGO TITLE INSURANCE COMPANY  
COMMITMENT FOR TITLE INSURANCE  
SCHEDULE B

ORDER NO. : 1410 020107155 UL

SCHEDULE B OF THE POLICY OR POLICIES TO BE ISSUED WILL CONTAIN EXCEPTIONS TO THE FOLLOWING MATTERS UNLESS THE SAME ARE DISPOSED OF TO THE SATISFACTION OF THE COMPANY.

GENERAL EXCEPTIONS

1. RIGHTS OR CLAIMS OF PARTIES IN POSSESSION NOT SHOWN BY PUBLIC RECORDS.
2. ANY ENCROACHMENT, ENCUMBRANCE, VIOLATION, VARIATION, OR ADVERSE CIRCUMSTANCE AFFECTING THE TITLE THAT WOULD BE DISCLOSED BY AN ACCURATE AND COMPLETE LAND SURVEY OF THE LAND.
3. EASEMENTS, OR CLAIMS OF EASEMENTS, NOT SHOWN BY PUBLIC RECORDS.
4. ANY LIEN, OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL HERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND NOT SHOWN BY THE PUBLIC RECORDS.
5. TAXES OR SPECIAL ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE PUBLIC RECORDS.
6. IF EXTENDED COVERAGE OVER THE FIVE GENERAL EXCEPTIONS IS REQUESTED, WE SHOULD BE FURNISHED THE FOLLOWING:
  - A. A CURRENT ALTA/ACSM OR ILLINOIS LAND TITLE SURVEY CERTIFIED TO CHICAGO TITLE INSURANCE COMPANY;
  - B. A PROPERLY EXECUTED ALTA STATEMENT;

MATTERS DISCLOSED BY THE ABOVE DOCUMENTATION WILL BE SHOWN SPECIFICALLY.

NOTE: THERE WILL BE AN ADDITIONAL CHARGE FOR THIS COVERAGE.

7. NOTE FOR INFORMATION: THE COVERAGE AFFORDED BY THIS COMMITMENT AND ANY POLICY ISSUED PURSUANT HERETO SHALL NOT COMMENCE PRIOR TO THE DATE ON WHICH ALL CHARGES PROPERLY BILLED BY THE COMPANY HAVE BEEN FULLY PAID.
8. NOTE FOR ADDITIONAL INFORMATION: THE DUPAGE COUNTY RECORDER REQUIRES THAT ANY DOCUMENTS PRESENTED FOR RECORDING CONTAIN THE FOLLOWING INFORMATION:
  - A. THE NAME AND ADDRESS OF THE PARTY WHO PREPARED THE DOCUMENT;
  - B. THE NAME AND ADDRESS OF THE PARTY TO WHOM THE DOCUMENT SHOULD BE MAILED AFTER RECORDING;
  - C. ALL PERMANENT REAL ESTATE TAX INDEX NUMBERS OF ANY PROPERTY LEGALLY DESCRIBED IN THE DOCUMENT;
  - D. THE ADDRESS OF ANY PROPERTY LEGALLY DESCRIBED IN THE DOCUMENT;
  - E. ALL DEEDS SHOULD CONTAIN THE ADDRESS OF THE GRANTEE AND SHOULD ALSO NOTE THE NAME AND ADDRESS OF THE PARTY TO WHOM THE TAX BILLS SHOULD BE SENT.
  - F. ANY DEEDS CONVEYING UNSUBDIVIDED LAND, OR, PORTIONS OF SUBDIVIDED LAND, MAY NEED TO BE ACCOMPANIED BY A PROPERLY EXECUTED "PLAT ACT AFFIDAVIT."

IN ADDITION, PLEASE NOTE THAT THE MUNICIPALITIES OF ADDISON, AURORA, BARTLETT, BOLINGBROOK, CAROL STREAM, ELK GROVE VILLAGE, ELMHURST, GLENDALE HEIGHTS, GLEN ELLYN, HANOVER PARK, NAPERVILLE, SCHAUMBURG, WEST CHICAGO, WHEATON, AND WOODRIDGE HAVE ENACTED TRANSFER TAX ORDINANCES. TO RECORD A CONVEYANCE OF LAND LOCATED IN THESE MUNICIPALITIES, THE REQUIREMENTS OF THE TRANSFER TAX ORDINANCES MUST BE MET. A CONVEYANCE OF PROPERTY IN THESE CITIES MAY NEED TO HAVE THE APPROPRIATE TRANSFER TAX STAMPS AFFIXED BEFORE IT CAN BE RECORDED.

FURTHERMORE, ALL DEEDS AND MORTGAGES SHOULD INCLUDE THE CURRENT MARITAL STATUS

ATTACHMENT 2



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OF ALL INDIVIDUAL PARTIES, WHERE APPROPRIATE. A SPOUSE OF AN INDIVIDUAL GRANTOR OR MORTGAGOR MAY HAVE TO SIGN THE DEED OR MORTGAGE IN ORDER TO RELEASE ANY APPLICABLE HOMESTEAD INTEREST.

THIS EXCEPTION WILL NOT APPEAR ON THE POLICY WHEN ISSUED.

**B** FOR ALL ILLINOIS PROPERTY: FOR COMMITMENT ONLY

EFFECTIVE JUNE 1, 2009, PURSUANT TO PUBLIC ACT 95-988, SATISFACTORY EVIDENCE OF IDENTIFICATION MUST BE PRESENTED FOR THE NOTARIZATION OF ANY AND ALL DOCUMENTS NOTARIZED BY AN ILLINOIS NOTARY PUBLIC. UNTIL JULY 1, 2013, SATISFACTORY IDENTIFICATION DOCUMENTS ARE DOCUMENTS THAT ARE VALID AT THE TIME OF THE NOTARIAL ACT; ARE ISSUED BY A STATE OF FEDERAL GOVERNMENT AGENCY; BEAR THE PHOTOGRAPHIC IMAGE OF THE INDIVIDUAL'S FACE; AND BEAR THE INDIVIDUAL'S SIGNATURE.

**C** "Be advised that the "Good Funds" section of the Title Insurance Act (215 ILCS 155/26) becomes effective 1-1-2010. This act places limitations upon the settlement agent's ability to accept certain types of deposits into escrow. Please contact your local Chicago Title Office regarding the application of this new law to your transaction."

**D** 9. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-12-306-003 - AFFECTS THE NORTH 281.55 FEET MEASURED ON THE EAST OF THE SOUTH 945.25 FEET OF THE SOUTHWEST 1/4 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF WINFIELD ROAD AS WIDENED BY R85-72940 - PART OF PARCEL 1

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTORS BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

**E** 10. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-12-306-004 - AFFECTS THE SOUTH 663.7 FEET MEASURED ON THE EAST, OF THE SOUTHWEST 1/4 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF WINFIELD ROAD AS WIDENED BY R85-72940 - PART OF PARCEL 1

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTORS BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

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F 11. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-12-403-034 - AFFECTS LOTS 1, 2, 3, 4, 5 AND 6  
(EXCEPT THE SOUTH 80 FEET OF THE NORTH 255 FEET OF THE EAST 100 FEET OF LOT 4)  
IN BLISS ADDITION TO WINFIELD, ALL LYING EAST OF WINFIELD ROAD AS WIDENED BY  
R85-72940 - PART OF PARCEL 1

NOTE: TAXES FOR THE YEAR 2009, AMOUNTING TO \$463.930.10, ARE PAID OF RECORD.

G 12. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-103-001 - AFFECTS THE WEST 100 FEET OF BLOCK 1  
IN THE TOWN OF FREDRICKSBURG - PART OF PARCEL 2

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S  
WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

H 13. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-103-002 - AFFECTS THE EAST 110 FEET OF THE WEST  
210 FEET OF BLOCK 1 IN THE TOWN OF FREDRICKSBURG - PART OF PARCEL 2

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S  
WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

I 14. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-103-003 - AFFECTS THE EAST 123 FEET OF THE WEST  
333 FEET OF BLOCK 1 IN THE TOWN OF FREDRICKSBURG - PART OF PARCEL 2

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S  
WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID  
EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

J 15. TAXES FOR THE YEAR 2010.

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TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-103-004 - AFFECTS LOT 1 IN JEDLOVECS ASSESSMENT PLAT - PART OF PARCEL 2

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

K 16. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-103-005 - AFFECTS LOT 2 IN JEDLOVECS ASSESSMENT PLAT - PART OF PARCEL 2

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

L 17. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-103-007 - AFFECTS THE EAST 160 FEET (EXCEPT THE EAST 33 FEET USED FOR WILLARD WAY) OF BLOCK 1 IN THE TOWN OF FRIEDRICKSBURG - PART OF PARCEL 2

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

M 18. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-200-001 - AFFECTS THE NORTH 100 FEET OF LOTS 3 AND 4 IN ROTH SUBDIVISION OF WINFIELD - PART OF PARCEL 3

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

N 19. TAXES FOR THE YEAR 2010.

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TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-200-013 - AFFECTS THAT PART OF LOTS 1 AND 2 IN ROTH SUBDIVISION OF WINFIELD LYING NORTH OF HIGH LAKE ROAD AS DEDICATED BY R90-26747 - PART OF PARCEL 3

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

0 20. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-200-014 - AFFECTS THAT PART OF THE NORTHEAST 1/4 OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF ROTH SUBDIVISION AND NORTH OF JEWEL ROAD (EXCEPT THE WEST 66 FEET LYING EAST AND ADJOINING A LINE DRAWN FROM A POINT 520.54 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 TO A POINT ON THE CENTER LINE OF JEWEL ROAD AND AT RIGHT ANGLES THERETO LYING 185.56 FEET SOUTHEASTERLY OF SAID POINT AND EXCEPT HIGHWAY DESCRIBED IN R90-26747 - PART OF PARCEL 4

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

P 21. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

PERMANENT INDEX NUMBER: 04-13-200-015 - AFFECTS THE WEST 66 FEET LYING EAST AND ADJOINING A LINE DRAWN FROM A POINT 520.54 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHEAST 1/4 TO A POINT ON THE CENTER LINE OF JEWEL ROAD AND AT RIGHT ANGLES THERETO LYING <185.56 FEET SOUTHEASTERLY OF SAID POINT IN THE NORTHEAST 1/4 OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 9 EXCEPT HIGHWAY DESCRIBED IN R90-26747 - PART OF PARCEL 4

NOTE: TAXES FOR THE YEAR 2009 ARE MARKED EXEMPT IN THE COLLECTOR'S BOOKS.

THE GENERAL TAXES AS SHOWN ABOVE ARE MARKED EXEMPT ON THE COLLECTOR'S WARRANTS. UNLESS SATISFACTORY EVIDENCE IS SUBMITTED TO SUBSTANTIATE SAID EXEMPTION, OUR POLICY, IF AND WHEN ISSUED, WILL BE SUBJECT TO SAID TAXES.

Q 22. TAXES FOR THE YEAR 2010.

TAXES FOR THE YEAR 2010 ARE NOT YET DUE OR PAYABLE.

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PERMANENT INDEX NUMBER: 04-12-305-001 - AFFECTS LOT 16 IN BLOCK 1 IN WINFIELD HEIGHTS UNIT 2 - PART OF PARCEL 5

NOTE: TAXES FOR THE YEAR 2009, AMOUNTING TO \$5838.16, ARE PAID OF RECORD.

- S 23. MORTGAGE DATED MAY 1, 1977 AND RECORDED MAY 24, 1977 AS DOCUMENT R77-39051 MADE BY CENTRAL DU PAGE HOSPITAL ASSOCIATION, A NOT-FOR-PROFIT CORPORATION OF ILLINOIS, TO ILL. HEALTHFACILITIES AUTHORITY TO SECURE A NOTE FOR \$23,215,000.00. THE RIGHT OF ILL. HEALTH FACILITIES AUTHORITY HAVE BEEN ASSIGNED TO THE FIRST NATIONAL BANK OF CHICAGO BY TRUST INDENTURE DATED MAY 1, 1977 AND RECORDED MAY 24, 1977 AS DOCUMENT R77-39052  
(AFFECTS PARCEL 1, 4)
- T 24. TRUST INDENTURE DATED MAY 1, 1977 AND RECORDED MAY 24, 1977 AS DOCUMENT R77-39052 MADE BY ILLINOIS HEALTH FACILITIES AUTHORITY AND THE FIRST NATIONAL BANK OF CHICAGO TO SECURE MORTGAGE REVENUE BONDSERIES 1977 IN THE AGGREGATE AMOUNT OF \$23,215,000.00  
(AFFECTS PART OF PARCEL 1 AND 4 AND OTHER PROPERTY NOT NOW IN QUESTION)
- U 25. SECURITY INTEREST OF ILLINOIS HEALTH FACILITIES AUTHORITY SECURED PARTY, IN CERTAINDESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT EXECUTED BY CENTRAL DU PAGE HOSPITAL ASSOCIATION, DEBTOR, AND FILED ON MAY 24, 1977 AS NO.77U-2607 AND RECORDED AS DOCUMENT R77-39049 AND CONTINUATION FILED MAY 21, 1982 AS NO. 82U-2209 AND RECORDED AS DOCUMENT R82-20566.  
(AFFECTS PART OF PARCELS 1, 2, 3 AND 4 AND OTHER PROPERTY NOT NOW IN QUESTION)
- CA 26. MECHANICS LIEN CLAIM IN FAVOR OF SYNERGY INSULATIONS INC. AGAINST MECHANICAL INCORPORATED; PEPPER CONSTRUCTION; AND CENTRAL DUPAGE HOSPITAL ASSOCIATION RECORDED JULY 7, 2010 AS DOCUMENT NUMBER R2010-86622 IN THE AMOUNT OF \$320,441.49.  
(AFFECTS PARCEL 1)
- CB 27. MECHANICS LIEN CLAIM IN FAVOR OF LOCAL 17 OF CHICAGO HEAT & FROST INSULATORS UNION AND ITS FRINGE BENEFIT FUNDS AGAINST SYNERGY INSULATIONS INC.; HELM GROUP DOING BUSINESS AS MECHANICAL INCORPORATED; PEPPER CONSTRUCTION CO; ILLINOIS HEALTH FACILITIES AUTHORITY; AND CENTRAL DUPAGE HEALTH FORMERLY KNOWN AS CENTRAL DUPAGE HOSPITAL ASSOCIATION RECORDED AUGUST 24, 2010 AS DOCUMENT NUMBER R2010-109904 IN THE AMOUNT OF \$126,144.00.  
(AFFECTS PARCEL 1)
- CC 28. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 2010CH5110 FILED SEPTEMBER 9, 2010 ON A COMPLAINT TO FORECLOSE MECHANIC'S LIEN CLAIM RECORDED AS DOCUMENT R2010-86622 BY SYNERGY INSULATIONS INC. AGAINST HELM GROUP, DOING BUSINESS AS MECHANICAL INCORPORATED; PEPPER CONSTRUCTION CO; ILLINOIS HEALTH FACILITIES AUTHORITY; AND CENTRAL DUPAGE HEALTH FORMERLY KNOWN AS CENTRAL DUPAGE HOSPITAL ASSOCIATION.

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NOTE: A COMPLETE EXAMINATION OF SAID PROCEEDING HAS NOT BEEN MADE.

(AFFECTS PARCEL 1)

- CG 29. MECHANICS LIEN CLAIM IN FAVOR OF GENERAL INSULATION COMPANY, INC. AGAINST SYNERGY INSULATION INC.; MECHANICAL INCORPORATED; PEPPER CONSTRUCTION COMPANY; AND CENTRAL DUPAGE HOSPITAL RECORDED SEPTEMBER 27, 2010 AS DOCUMENT NUMBER R2010-128994 IN THE AMOUNT OF \$61,285.37.

(AFFECTS PARCEL 1)

- AP 30. ANY LIEN, OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL, HERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND NOT SHOWN BY THE PUBLIC RECORDS.
- V 31. WE SHOULD BE FURNISHED A CERTIFIED COPY OF THE DIRECTORS' RESOLUTIONS AUTHORIZING THE CONVEYANCE OR MORTGAGE TO BE INSURED. SAID RESOLUTIONS SHOULD EVIDENCE THE AUTHORITY OF THE PERSONS EXECUTING THE CONVEYANCE OR MORTGAGE. IF THEY DO NOT, A CERTIFIED COPY OF THE CORPORATE BY-LAWS ALSO SHOULD BE FURNISHED.

IF SAID CONVEYANCE OR MORTGAGE COMPRISES ALL OR SUBSTANTIALLY ALL THE CORPORATION'S ASSETS, WE ALSO SHOULD BE FURNISHED A CERTIFIED COPY OF THE SHAREHOLDER/MEMBER RESOLUTIONS WHICH AUTHORIZE SAID CONVEYANCE OR MORTGAGE. THIS COMMITMENT IS SUBJECT TO SUCH FURTHER EXCEPTIONS, IF ANY, AS MAY BE DEEMED NECESSARY AFTER OUR REVIEW OF THESE MATERIALS.

(AFFECTS CENTRAL DUPAGE HOSPITAL ASSOCIATION)

- X 32. WE SHOULD BE FURNISHED A STATEMENT THAT THERE IS NO PROPERTY MANAGER EMPLOYED TO MANAGE THE LAND, OR, IN THE ALTERNATIVE, A FINAL LIEN WAIVER FROM ANY SUCH PROPERTY MANAGER.
- W 33. EXISTING UNRECORDED LEASES AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.
- CF 34. TERMS, POWERS, PROVISIONS AND LIMITATIONS OF THE TRUST UNDER WHICH TITLE TO THE LAND IS HELD.

(AFFECTS THE EAST 287 FEET EXCEPT THE WEST 127 FEET OF PARCEL 2)

- A0 35. RIGHTS OF THE UNITED STATES OF AMERICA TO RECOVER ANY PUBLIC FUNDS ADVANCED UNDER THE PROVISIONS OF ONE OR MORE OF THE VARIOUS FEDERAL STATUTES RELATING TO HEALTH CARE.
- Y 36. RIGHTS OF THE PUBLIC, THE STATE OF ILLINOIS AND THE MUNICIPALITY IN AND TO SO MUCH OF THE LAND AS DEDICATED FOR WINFIELD ROAD BY INSTRUMENTS RECORDED JUNE 24, 1964 AS DOCUMENTS R64-22131, R64-22132 AND R64-22133 AND RECORDED SEPTEMBER 3, 1985 AS DOCUMENT R85-72940.

(AFFECTS THE WEST 40 FEET OF PARCEL 1)

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AA 37. RIGHTS OF WAY FOR DRAINAGE TILES, DITCHES, FEEDERS AND LATERALS, IF ANY.

(AFFECTS PARCEL 1)

AB 38. RIGHTS OF THE PUBLIC, THE STATE OF ILLINOIS AND THE MUNICIPALITY IN AND TO THAT PART OF THE LAND, IF ANY, TAKEN OR USED FOR ROAD PURPOSES.

(AFFECTS PARCEL 1)

AC 39. EASEMENT MADE BY CENTRAL DU PAGE HOSPITAL ASSOCIATION, A CORPORATION OF ILLINOIS, TO THE VILLAGE OF WINFIELD, DATED JULY 24, 1967 AND RECORDED JULY 26, 1967 AS DOCUMENT R67-27228, GRANTING A PERPETUAL EASEMENT, PRIVILEGE, RIGHT AND AUTHORITY TO CONSTRUCT, RECONSTRUCT, REPAIR, INSPECT, MAINTAIN AND OPERATE WATER MAINS, ETC., OVER, UPON, ALONG, UNDER AND THROUGH THE FOLLOWING DESCRIBED PROPERTY:

TRACT A: A 10 FOOT EASEMENT BEING 5 FEET ON EACH SIDE OF A LINE DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION ON THE EAST RIGHT OF WAY LINE OF COUNTY HIGHWAY NO. 13 (WINFIELD ROAD AS DEDICATED BY DOCUMENTS R64-22131, R64-22132 AND R64-22133) AND 19 FEET SOUTH OF THE SOUTH LINE OF WINFIELD HEIGHTS UNIT NO. 2, A SUBDIVISION IN SECTION 12; THENCE EASTERLY PARALLEL TO THE SOUTH LINE OF WINFIELD HEIGHTS UNIT NO. 2, TO THE EAST LINE OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 12 (ALSO BEING THE WEST LINE OF BLOCK 3 OF ARTHUR T. MC INTOSH AND CO'S WINFIELD KNOLLS SUBDIVISION); ALSO

TRACT B: A 12 FOOT EASEMENT WEST OF AND ADJACENT TO THE WESTERLY LINE OF BLOCK 3 OF ARTHUR T. MC INTOSH AND CO'S WINFIELD KNOLLS SUBDIVISION, FROM THE SOUTHERLY LINE OF WINFIELD HEIGHTS UNIT NO. 2 SUBDIVISION TO THE SOUTHERLY LINE PROJECTED WESTERLY OF LOT 11, BLOCK 3 OF ARTHUR T. MC INTOSH AND CO'S WINFIELD KNOLLS SUBDIVISION.

NOTE: BY GRANT OF UNDERGROUND EASEMENT FOR PUBLIC UTILITIES AND RELEASE OF EXISTING EASEMENT, RECORDED DECEMBER 23, 1988, TRACT A DESCRIBED ABOVE WAS PURPORTEDLY RELEASED.

(AFFECTS PARCELS 1, 2, 3 AND 4)

AD 40. ENCROACHMENT OF NORTHEASTERLY CORNER OF BITUMINOUS PAVEMENTS OVER AND UPON THE 10 FOOT UTILITY EASEMENT CONTAINED IN DOCUMENT R67-27228, NOTED ABOVE, A DISTANCE OF APPROXIMATELY 5 FEET, AS DISCLOSED BY SURVEY NO. 75-712B MADE BY LOUIS J. REBIK, DATED OCTOBER 13, 1975.

(AFFECTS PARCELS 1, 2, 3 AND 4)

AE 41. NOTE: BY INSTRUMENT DATED OCTOBER 16, 1964 AND RECORDED OCTOBER 26, 1964 AS DOCUMENT R64-40146, CT&T, AS TRUSTEE UNDER TRUST NUMBER 46925 THEREBY RELEASES AND ABANDONS UNTO THE CENTRAL DU PAGE HOSPITAL ASSOCIATION, ALL ITS RIGHT OF WAY OR EASEMENT, AS SAID TRUSTEE HAS, OR HERETOFORE HAD IN AND TO ANY STREET, ROAD OR WAY BORDERING ON THE NORTH OR EAST SIDE OF THAT PART OF THE SOUTHWEST 1/4 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED BY COMMENCING AT THE SOUTHEAST CORNER OF SAID SOUTHWEST

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1/4 AND RUNNING THENCE NORTH ALONG THE EAST LINE OF SAID SOUTHWEST 1/4, 663.7 FEET FOR A POINT OF BEGINNING; THENCE SOUTH 88 DEGREES 32 MINUTES WEST, 646.79 FEET TO THE CENTER LINE OF WINFIELD ROAD, (ALSO KNOWN AS COUNTY HIGHWAY NO. 13) AS DEDICATED BY PLAT OF DEDICATION RECORDED JUNE 24, 1964 AS DOCUMENT R64-22133; THENCE NORTHEASTERLY ON SAID CENTER LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1145.92 FEET, AN ARC DISTANCE OF 304.80 FEET (LONG CHORD BEARING NORTH 18 DEGREES 06 MINUTES 41 SECONDS EAST AND MEASURING 302.40 FEET), TO THE INTERSECTION OF SAID CENTER LINE WITH THE SOUTH LINE OF THAT PART OF BLISS' ADDITION TO WINFIELD, FALLING IN SAID SOUTHWEST 1/4; THENCE NORTH 88 DEGREES 32 MINUTES EAST ON THE SAID SOUTH LINE OF SAID BLISS' ADDITION, 554.27 FEET TO THE EAST LINE OF SAID SOUTHWEST 1/4; THENCE SOUTH 0 DEGREES 17 MINUTES WEST ON SAID EAST LINE, 285.05 FEET TO THE POINT OF BEGINNING, IN DU PAGE COUNTY, ILLINOIS, TO THE INTENT THAT SUCH RIGHT SHALL HENCEFORTH CEASE.

(AFFECTS PARCELS 1 AND 4)

- AF 42. EASEMENT GRANT DATED MAY 24, 1977 AND RECORDED JUNE 17, 1977 AS DOCUMENT R77-47468 MADE BY AND BETWEEN BANK OF WHEATON, AS TRUSTEE UNDER TRUST AGREEMENT DATED JANUARY 20, 1975 AND KNOWN AS TRUST NUMBER 2489, TO CENTRAL DU PAGE HOSPITAL ASSOCIATION, A CORPORATION OF ILLINOIS, OF AN EASEMENT TO CONSTRUCT, RECONSTRUCT, REPAIR, INSPECT, MAINTAIN, OPERATE AND REMOVE A STORM WATER SEWER LINE WITH THE NECESSARY APPURTENANCES THERETO OVER, UNDER AND ACROSS THE EASEMENT PREMISES TO CONNECT EXISTING STORM SEWER LINES ON PARCEL 2 DESCRIBED THEREIN TO THE STORM WATER SEWER LINE ON THE EASEMENT PREMISES AND TO DISCHARGE ITS STORM WATER RUN-OFF INTO SAID STORM WATER SEWER LINE, AND OTHER PROVISIONS AS THEREIN CONTAINED.

(AFFECTS PARCELS 1, 2, 3 AND 4)

- AG 43. EASEMENT GRANT DATED MAY 16, 1977 AND RECORDED JUNE 17, 1977 AS DOCUMENT R77-47470 MADE BY AND BETWEEN BETSEARS BANK AND TRUST COMPANY, AS TRUSTEE UNDER TRUST AGREEMENT DATED JULY 19, 1973 && KNOWN AS TRUST NUMBER 701280, BANK OF WHEATON, AS TRUSTEE UNDER TRUST AGREEMENT DATED JANUARY 20, 1975 AND KNOWN AS TRUST NUMBER 2489, AND CENTRAL DU PAGE HOSPITAL ASSOCIATION, A CORPORATION OF ILLINOIS, OF AN EASEMENT TO RECONSTRUCT, REPAIR, INSPECT, MAINTAIN, AND OPERATE A STORM WATER SEWER LINE WITH THE NECESSARY APPURTENANCES THERETO AND TO DISCHARGE THEIR STORM WATER RUN-OFF INTO SAID STORM WATER SEWER LINE, AND OTHER PROVISIONS AS THEREIN CONTAINED

(AFFECTS PARCELS 1, 2, 3 AND 4)

- AH 44. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN ORDINANCE NO. 96-1-2, APPROVING EASEMENT GRANT FROM CENTRAL DUPAGE HOSPITAL FOR 12 INCH WATER MAIN, A COPY OF WHICH WAS RECORDED AUGUST 28, 1996 AS DOCUMENT R96-142277, TO THE VILLAGE OF WINFIELD.

(AFFECTS 10 FEET ALONG A WESTERLY PORTION OF THE NORTH LINE OF PARCEL 1)

- AI 45. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN GRANT OF UNDERGROUND EASEMENT FOR PUBLIC UTILITIES AND RELEASE OF EXISTING EASEMENT RECORDED DECEMBER 23, 1988 AS DOCUMENT R88-146694, MADE BY CENTRAL DUPAGE HOSPITAL ASSOCIATION, AN



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ILLINOIS NON-PROFIT CORPORATION, TO THE VILLAGE OF WINFIELD, AN ILLINOIS MUNICIPAL CORPORATION, FOR THE NON-EXCLUSIVE PURPOSE OF REPAIRING, MAINTAINING, REPLACING AND OPERATING A WATER MAIN, FIRE HYDRANT, AND ANY AND ALL OTHER EQUIPMENT, FOLLOWING DESCRIBED PARCEL OF REAL ESTATE:

BEGINNING AT THE NORTHWEST CORNER OF ARTHUR T. MCINTOSH AND COMPANY'S WINFIELD KNOLLS SUBDIVISION RECORDED JUNE 22, 1956 AS DOCUMENT 805252; THENCE SOUTH 1 DEGREE 18 MINUTES 35 SECONDS WEST, ALONG THE WEST LINE OF SAID SUBDIVISION, 20.01 FEET TO A LINE 20.00 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WINFIELD HEIGHTS UNIT NUMBER 2 SUBDIVISION RECORDED AS DOCUMENT R64-24075; THENCE SOUTH 89 DEGREES 33 MINUTES 51 SECONDS WEST, ALONG SAID PARALLEL LINE, 964.82 FEET TO THE EASTERLY LINE OF WINFIELD ROAD RECORDED AS DOCUMENTS R64-22131, R64-22132 AND R64-22133; THENCE NORTHEASTERLY, ALONG SAID LINE, BEING A CURVE CONCAVE TO THE NORTHWEST, HAVING AN ARC DISTANCE OF 22.22 FEET, A RADIUS OF 994.93 FEET, A CHORD BEARING OF NORTH 25 DEGREES 24 MINUTES 03 SECONDS EAST, A CHORD DISTANCE OF 22.22 FEET TO THE SOUTHWEST CORNER OF SAID WINFIELD HEIGHTS UNIT NUMBER 2 SUBDIVISION; THENCE NORTH 89 DEGREES 33 MINUTES 51 SECONDS EAST, ALONG THE SOUTH LINE OF SAID WINFIELD HEIGHTS UNIT NUMBER 2 SUBDIVISION, 955.74 FEET TO THE POINT OF BEGINNING.

(AFFECTS THE NORTH 20 FEET OF PARCEL 1 AND PARCEL 4)

- AJ 46. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN GRANT OF UNDERGROUND EASEMENT FOR PUBLIC UTILITIES, RECORDED NOVEMBER 8, 1988 AS DOCUMENT R88-128473, MADE BY CENTRAL DUPAGE HOSPITAL ASSOCIATION, AN ILLINOIS NON-PROFIT CORPORATION, TO THE VILLAGE OF WINFIELD, AN ILLINOIS MUNICIPAL CORPORATION, ITS SUCCESSORS AND ASSIGNS, A PERPETUAL UNDERGROUND EASEMENT FOR INSTALLATION, CONSTRUCTION, OPERATION, MAINTENANCE, ETC. OF WATER MAIN, FIRE HYDRANT, AND ANY AND ALL OTHER EQUIPMENT, OVER:

THAT PART OF THE SOUTHEAST 1/4 OF SECTION 12, AND THE NORTHEAST 1/4 OF SECTION 13, ALL IN TOWNSHIP 39 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF LOT 12 IN BLOCK 3 IN A.T. MCINTOSH AND COMPANY'S WINFIELD KNOLLS SUBDIVISION RECORDED JUNE 22, 1956 AS DOCUMENT NUMBER 805252; THENCE SOUTH 01 DEGREE 18 MINUTES 35 SECONDS WEST ALONG THE WEST LINE OF SAID WINFIELD KNOLLS SUBDIVISION AND THE SOUTHERLY PROLONGATION OF SAID WEST LINE, 707.62 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF JEWELL ROAD (66 FEET WIDE); THENCE SOUTH 67 DEGREES 30 MINUTES 35 SECONDS WEST ALONG SAID NORTHERLY RIGHT OF WAY LINE, 21.86 FEET TO A LINE 20.00 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF SAID WINFIELD KNOLLS SUBDIVISION; THENCE NORTH 01 DEGREE 18 MINUTES 35 SECONDS EAST ALONG SAID PARALLEL LINE, 616.40 FEET TO THE WESTERLY PROLONGATION OF THE SOUTH LINE OF SAID LOT 12 IN WINFIELD KNOLLS SUBDIVISION; THENCE SOUTH 88 DEGREES 41 MINUTES 25 SECONDS EAST ALONG THE WESTERLY PROLONGATION OF SAID SOUTH LINE OF LOT 12, 1.00 FOOT TO A LINE 19.00 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF SAID WINFIELD KNOLLS SUBDIVISION; THENCE NORTH 01 DEGREE 18 MINUTES 35 SECONDS EAST ALONG SAID LINE 19.00 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF WINFIELD KNOLLS SUBDIVISION, 100.06 FEET TO THE WESTERLY PROLONGATION OF THE NORTH LINE OF SAID LOT 12 IN WINFIELD KNOLLS SUBDIVISION; THENCE SOUTH 88 DEGREES 37 MINUTES 52 SECONDS EAST ALONG THE WESTERLY PROLONGATION OF SAID NORTH LINE OF LOT 12, 19.00 FEET TO THE POINT OF BEGINNING.

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(AFFECTS PART OF THE EAST LINE OF PARCELS 1 AND 4)

- AK 47. EASEMENT IN FAVOR OF COMMONWEALTH EDISON COMPANY AND ILLINOIS BELL TELEPHONE COMPANY D/B/A SBC AMERITECH ILLINOIS, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED AUGUST 31, 2006 AS DOCUMENT NO. R2006-168973 AND CONTAINED IN IN GRANT RECORDED NOVEMBER 8, 2006 AS DOCUMENT R2006-216788. (SEE DOCUMENT FOR EXACT LOCATION)

(AFFECTS PARCELS 1 AND 2)

- BA 48. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN EASEMENT RECORDED MAY 11, 1993 AS DOCUMENT R93-092787, MADE BY CENTRAL DUPAGE HOSPITAL ASSOCIATION, TO THE ILLINOIS BELL TELEPHONE COMPANY AND ASSOCIATED THE COMMONWEALTH EDISON COMPANY EQUIPMENT, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, THE RIGHT TO INSTALL AND SERVICE THE DEVICE DEPICTED ON EXHIBIT B THEREIN, (LITESPAN 2000 1344 REMOTE TERMINAL CABINET), AND NO OTHER, OVER THE WEST 20 FEET OF THE NORTH 100 FEET OF LOT 4 IN ROTH'S SUBDIVISION, AFORESAID.

(AFFECTS PARCEL 3)

- BC 49. UTILITY EASEMENTS SET FORTH IN THE PLAT OF JEDLOVEC'S ASSESSMENT PLAT RECORDED AS DOCUMENT R1-1398

(AFFECTS PARCEL 2)

- BJ 50. LEASE MADE BY CENTRAL DUPAGE HOSPITAL TO ALCOHOLISM TREATMENT CENTER OF CENTRAL DUPAGE HOSPITAL DATED NOVEMBER 1, 1986 AND RECORDED MARCH 6, 1990 AS DOCUMENT NUMBER R90-027530, DEMISING THE LAND FOR A TERM OF YEARS BEGINNING NOVEMBER 1, 1986 AND ENDING NOVEMBER 1, 2026, AND ALL RIGHTS THEREUNDER OF, AND ALL ACTS DONE OR SUFFERED THEREUNDER BY, SAID LESSEE OR BY ANY PARTY CLAIMING BY, THROUGH, OR UNDER SAID LESSEE. AFFECTS THAT PART OF THE LAND DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF SEC 13; THENCE NORTH 89 DEGREES 30 MINUTES 46 SECONDS EAST, ALONG THE SOUTH LINE OF SAID SOUTHEAST 1/4, 7.94 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 24 MINUTES 11 SECONDS WEST 0.91 FEET; THENCE NORTHERLY, ALONG A CURVE CONCAVE TO THE EAST HAVING A CHORD LENGTH OF 225.42 FEET AND A CHORD BEARING OF NORTH 6 DEGREES 24 MINUTES 2 SECONDS EAST, HAVING A RADIUS OF 1142.53 FEET, CONCAVE TO THE SOUTHEAST, HAVING A CHORD LENGTH OF 27.84 FEET AND A CHORD BEARING OF NORTH 38 DEGREES 04 MINUTES 44 SECONDS EAST, HAVING A RADIUS OF 32.239 FEET FOR A DISTANCE OF 28.77 FEET; THENCE NORTH 59 DEGREES 07 MINUTES 25 SECONDS SOUTH, HAVING A CHORD LENGTH OF 40.39 FEET AND A CHORD BEARING OF NORTH 71 DEGREES 31 MINUTES 55 SECONDS EAST, HAVING A RADIUS OF 98.27 FEET FOR A DISTANCE OF 40.68 FEET; THENCE NORTH 83 DEGREES 33 MINUTES 54 SECONDS EAST 82.01 FEET; THENCE SOUTHERLY, ALONG A CURVE CONCAVE TO THE SOUTHWEST HAVING A CHORD DISTANCE OF 51.29 FEET AND A CHORD BEARING OF SOUTH 60 DEGREES 22 MINUTES 31 SECONDS EAST HAVING A RADIUS OF 40.69 FEET FOR A

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DISTANCE OF 55.40 FEET; THENCE SOUTH 19 DEGREES 07 MINUTES 30 SECONDS EAST 98.42 FEET; THENCE SOUTH 25 DEGREES 46 MINUTES 42 SECONDS 55.55 FEET; THENCE SOUTHERLY, ALONG A CURVE CONCAVE TO THE NORTHEAST HAVING A CHORD DISTANCE OF 81.70 FEET AND A CHORD BEARING OF SOUTH 36 DEGREES 37 MINUTES 07 SECONDS EAST, HAVING A RADIUS OF 251.48 FEET FOR A DISTANCE OF 82.07 FEET; THENCE SOUTH 47 DEGREES 17 MINUTES 44 SECONDS EAST 81.17 FEET; THENCE SOUTHERLY, ALONG A CURVE CONCAVE TO THE WEST, HAVING A CHORD DISTANCE OF 60.81 FEET AND A CHORD BEARING OF SOUTH 37 DEGREES 03 MINUTES 27 SECONDS EAST HAVING A RADIUS OF 412.79 FEET FOR A DISTANCE OF 60.87 FEET TO A POINT ON THE SOUTH LINE; THENCE SOUTH 89 DEGREES 30 MINUTES 46 SECONDS WEST, ALONG SAID SOUTH LINE, 530.52 FEET TO THE POINT OF BEGINNING.

(COMMONLY KNOWN AS 27W350 HIGHLAKE ROAD, WINFIELD)

- BM 51. TERMS AND PROVISIONS OF AN EASEMENT RECORDED MARCH 6, 1990 AS DOCUMENT NUMBER R90-027529, MADE BY CENTRAL DUPAGE HOSPITAL TO ALCOHOLISM TREATMENT CENTER OF CENTRAL DUPAGE HOSPITAL GRANTING AN EASEMENT FOR INGRESS AND EGRESS, AFFECTING THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE:

COMMENCING AT THE CENTER LINE OF THE INTERSECTION OF COUNTY HIGHWAY NUMBER 13 (WINFIELD ROAD AS DEDICATED BY DOCUMENTS R64-22132, R64-22133 AND R64-22131, WITH THE SOUTH LINE OF THE SOUTH 1/2 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 9; THENCE SOUTH 89 DEGREES 30 MINUTES 46 SECONDS WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 45.01 FEET TO THE EAST LINE OF WINFIELD ROAD, AS DEDICATED BY DOCUMENT R85-72940; THENCE NORTH 0 DEGREES 55 MINUTES 31 SECONDS EAST, ALONG SAID EAST LINE, A DISTANCE OF 121.91 FEET TO THE POINT OF BEGINNING;

THENCE EASTERLY, ALONG A CURVE CONCAVE TO THE NORTH, HAVING A CHORD LENGTH OF 108.96 FEET AND A CHORD BEARING OF NORTH 51 DEGREES 39 MINUTES 45 SECONDS EAST, HAVING A RADIUS OF 544.41 FEET FOR A DISTANCE OF 109.14 FEET; THENCE NORTH 45 DEGREES 25 MINUTES 23 SECONDS EAST, A DISTANCE OF 27.26 FEET; THENCE EASTERLY, ALONG A CURVE CONCAVE TO THE SOUTH, HAVING A RADIUS OF 200.71 FEET, FOR A DISTANCE OF 213.14 FEET; THENCE SOUTH 74 DEGREES 22 MINUTES 28 SECONDS EAST A DISTANCE OF 206.82 FEET; THENCE EASTERLY, ALONG A CURVE CONCAVE TO THE NORTH HAVING A CHORD LENGTH FO 125.31 FEET FOR A DISTANCE OF 127.69 FEET; THENCE NORTH 65 DEGREES 31 MINUTES 23 SECONDS EAST A DISTANCE OF 49.02 FEET; THENCE NORTH 59 DEGREES 07 MINUTES 25 SECONDS EAST A DISTANCE OF 142.65 FEET; THENCE EASTERLY, ALONG A CURVE CONCAVE TO THE SOUTH, HAVING A CHORD LENGTH OF 40.39 FEET AND A CHORD BEARING OF NORTH 71 DEGREES 31 MINUTES 55 SECONDS EAST, HAVING A RADIUS OF 98.27 FEET FOR A DISTANCE OF 82.01 FEET; THENCE SOUTHEASTERLY, ALONG A CURVE CONCAVE TO THE SOUTH, HAVING A CHORD LENGTH OF 51.29 FEET AND A CHORD BEARING OF SOUTH 60 DEGREES 22 MINUTES 31 SECONDS EAST HAVING A RADIUS OF 40.69 FEET FOR A DISTANCE OF 55.49 FEET; THENCE SOUTH 19 DEGREES 07 MINUTES 30 SECONDS EAST, A DISTANCE OF 98.42 FEET; THENCE SOUTH 25 DEGREES 46 MINUTES 42 SECONDS EAST A DISTANCE OF 55.55 FEET; THENCE SOUTHEASTERLY, ALONG A CURVE CONCAVE TO THE EAST, HAVING A CHORD LENGTH OF 81.70 FEET AND A CHORD BEARING OF SOUTH 36 DEGREES 37 MINUTES 07 SECONDS EAST HAVING A RADIUS OF 251.48 FEET FOR A DISTANCE OF 82.07 FEET; THENCE SOUTH 47 DEGREES 17 MINUTES 44 SECONDS EAST, A DISTANCE OF 81.17 FEET; THENCE SOUTHEASTERLY, ALONG A CURVE CONCAVE TO THE SOUTHWEST HAVING A CHORD LENGTH OF 195.69 FEET AND A CHORD BEARING OF SOUTH 27 DEGREES 34 MINUTES 12 SECONDS EAST HAVING A RADIUS OF 412.79 FEET FOR A DISTANCE OF 197.57 FEET; THENCE

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SOUTHEASTERLY, ALONG A CURVE CONCAVE TO THE WEST, HAVING A CHORD LENGTH OF 10.91 FEET AND A CHORD BEARING OF SOUTH 19 DEGREES 21 MINUTES 31 SECONDS EAST, HAVING A RADIUS OF 32.31 FEET FOR A DISTANCE OF 10.96 FEET TO A POINT ON THE NORTH LINE OF JEWELL ROAD (AS MONUMENTED); THENCE NORTH 67 DEGREES 30 MINUTES 35 SECONDS EAST, ALONG SAID NORTH LINE A DISTANCE OF 38.31 FEET; THENCE NORTHWESTERLY, ALONG A CURVE CONCAVE TO THE EAST HAVING A CHORD LENGTH OF 41.12 FEET AND A CHORD BEARING OF NORTH 37 DEGREES 10 MINUTES 57 SECONDS WEST HAVING A RADIUS OF 65.14 FEET FOR A DISTANCE OF 41.83 FEET; THENCE NORTH 21 DEGREES 35 MINUTES 30 SECONDS WEST A DISTANCE OF 53.91 FEET; THENCE NORTHWESTERLY, ALONG A CURVE CONCAVE TO THE SOUTHWEST, HAVING A CHORD LENGTH OF 140.30 FEET AND A CHORD BEARING OF NORTH 33 DEGREES 40 MINUTES 53 SECONDS WEST HAVING A RADIUS OF 254.45 FEET FOR A DISTANCE OF 142.15 FEET; THENCE NORTH 47 DEGREES 27 MINUTES 08 SECONDS WEST A DISTANCE OF 74.03 FEET; THENCE NORTHWESTERLY, ALONG A CURVE CONCAVE TO THE EAST HAVING A CHORD LENGTH OF 73.74 FEET AND A CHORD BEARING OF NORTH 36 DEGREES 55 MINUTES 37 SECONDS WEST HAVING A RADIUS OF 315.74 FEET FOR A DISTANCE OF 73.91 FEET; THENCE NORTH 22 DEGREES 34 MINUTES 37 SECONDS WEST A DISTANCE OF 50.54 FEET; THENCE NORTH 19 DEGREES 29 MINUTES 05 SECONDS WEST A DISTANCE OF 55.59 FEET; THENCE NORTH 19 DEGREES 30 MINUTES 35 SECONDS WEST A DISTANCE OF 31.52 FEET; THENCE NORTH 19 DEGREES 09 MINUTES 26 SECONDS WEST A DISTANCE OF 66.25 FEET; THENCE WESTERLY, ALONG A CURVE CONCAVE TO THE NORTH, HAVING A CHORD LENGTH OF 60.65 FEET AND A CHORD BEARING OF SOUTH 75 DEGREES 50 MINUTES 39 SECONDS WEST, HAVING A RADIUS OF 237.29 FEET, FOR A DISTANCE OF 60.82 FEET; THENCE SOUTH 81 DEGREES 44 MINUTES 32 SECONDS WEST A DISTANCE OF 72.44 FEET; THENCE SOUTH 58 DEGREES 19 MINUTES 27 SECONDS WEST A DISTANCE OF 36.54 FEET; THENCE WESTERLY, ALONG A CURVE CONCAVE TO THE NORTH HAVING A CHORD LENGTH OF 161.68 FEET AND A CHORD BEARING OF SOUTH 65 DEGREES 57 MINUTES 11 SECONDS WEST, HAVING A RADIUS OF 375.61 FEET FOR A DISTANCE OF 162.95 FEET; THENCE WESTERLY, ALONG A CURVE CONCAVE TO THE NORTH HAVING A CHORD LENGTH OF 60.51 FEET AND A CHORD BEARING OF NORTH 84 DEGREES 29 MINUTES 32 SECONDS WEST HAVING A RADIUS OF 126.33 FEET FOR A DISTANCE OF 61.10 FEET; THENCE NORTH 74 DEGREES 21 MINUTES 28 SECONDS WEST A DISTANCE OF 144.93 FEET; THENCE NORTH 78 DEGREES 12 MINUTES 29 SECONDS WEST, A DISTANCE OF 93.45 FEET; THENCE WESTERLY, ALONG A CURVE CONCAVE TO THE SOUTH, HAVING A CHORD LENGTH OF 194.99 FEET AND A CHORD BEARING OF SOUTH 65 DEGREES 55 MINUTES 22 SECONDS WEST HAVING A RADIUS OF 230.57 FEET FOR A DISTANCE OF 201.33 FEET; THENCE SOUTH 45 DEGREES 59 MINUTES 39 SECONDS WEST A DISTANCE OF 28.09 FEET; THENCE SOUTHWESTERLY, ALONG A CURVE CONCAVE TO THE NORTH HAVING A CHORD LENGTH OF 56.95 FEET AND A CHORD BEARING OF SOUTH 52 DEGREES 07 MINUTES 09 SECONDS WEST, HAVING A RADIUS OF 129.67 FEET FOR A DISTANCE OF 57.41 FEET; THENCE WESTERLY, ALONG A CURVE CONCAVE TO THE NORTH HAVING A CHORD LENGTH OF 17.40 FEET AND A CHORD BEARING OF NORTH 84 DEGREES 03 MINUTES 18 SECONDS WEST, HAVING A RADIUS OF 30.53 FEET FOR A DISTANCE OF 17.65 FEET TO SAID EAST LINE OF WINFIELD ROAD; THENCE SOUTH 00 DEGREES 55 MINUTES 31 SECONDS WEST, ALONG SAID EAST LINE, A DISTANCE OF 47.88 FEET TO SAID POINT OF BEGINNING.

AND ALL PART OF THE LAND.

(AFFECTS PARCEL 4)

BP 52. RIGHTS OF THE PUBLIC, THE STATE OF ILLINOIS AND THE MUNICIPALITY IN AND TO SO MUCH OF THE LAND AS DEDICATED FOR ROAD PURPOSES BY INSTRUMENT RECORDED MARCH

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24, 1908 AS DOCUMENT 93063

(AFFECTS THE WEST 33 FEET OF LOTS 1 THROUGH 4 AND THE EAST 33 FEET OF LOT 5 AND THE SOUTH 33 FEET OF LOTS 5 AND 6 IN BLISS' ADDITION TO WINFIELD, BEING A PART OF THE LAND INCLUDED IN THE PERIMETER DESCRIPTION OF THE LAND.)

(AFFECTS PARCEL 4)

- BQ 53. RESTRICTIONS (BUT OMITTING ANY SUCH COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS), CONTAINED IN DEED FROM CHICAGO TITLE AND TRUST COMPANY, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER TRUST AGREEMENT DATED AUGUST 6, 1962 AND KNOWN AS TRUST NUMBER 44730, TO CHATEAU HOMES, INC., A CORPORATION OF ILLINOIS, DATED OCTOBER 8, 1965 AND RECORDED DECEMBER 10, 1965 AS DOCUMENT R65-49187, CONVEYING PREMISES IN QUESTION AND RELATING TO THE CHARACTER, USE, NUMBER, AREA, PLANS AND SPECIFICATIONS OF BUILDINGS TO BE ERECTED ON PREMISES IN QUESTION. NO OIL TANKS TO BE VISIBLE ON THE EXTERIOR.

NOTE: A BREACH OR VIOLATION OF THE ABOVE NOTED RESTRICTIONS WILL NOT CAUSE A FORFEITURE OR REVERSION OF TITLE.

(AFFECTS PARCEL 5)

- BR 54. A 40 FOOT BUILDING LINE AS SHOWN ON PLAT OF WINFIELD HEIGHTS, UNIT NO. 2 AFORESAID RECORDED JULY 8, 1964 AS DOCUMENT R64-24075.

(AFFECTS THE NORTH AND WESTERLY LINES OF PARCEL 5)

- BS 55. EASEMENT FOR PUBLIC UTILITIES OVER THE SOUTH 10 FEET OF THE LAND AS SHOWN ON PLAT OF WINFIELD HEIGHTS UNIT NO. 2 SUBDIVISION AFORESAID RECORDED AS DOCUMENT R64-24075.

(AFFECTS PARCEL 5)

- BT 56. DRAINAGE DITCHES, LATERALS, UNDERGROUND PIPES, TILE OR OTHER CONDUIT, IF ANY.

- BW 57. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN ORDINANCE 2004-7-29 RECORDED SEPTEMBER 16, 2004 AS DOCUMENT R2004-242743 RE-RECORDED AS DOCUMENT R2004-271234 APPROVING THE VILLAGE OF WINFIELD TOWN CENTER REDEVELOPMENT PLAN AND PROJECT

(AFFECTS PARCELS 2, 3 AND 4)

- BX 58. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN ORDINANCE 2004-7-31 RECORDED SEPTEMBER 16, 2004 AS DOCUMENT R2004-242744 RE-RECORDED AS DOCUMENT R2004-271233 ADOPTING TAX INCREMENT FINANCING FOR THE VILLAGE IN CONNECTION WITH DESIGNATION OF THE VILLAGE OF WINFIELD TOWN CENTER REDEVELOPMENT PROJECT AREA.

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(AFFECTS PARCELS 2, 3 AND 4)

BY 59. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN ORDINANCE 2004-7-30 RECORDED SEPTEMBER 16, 2004 AS DOCUMENT R2004-242745 RE-RECORDED AS DOCUMENT R2004-271232 DESIGNATING THE VILLAGE OF WINFIELD TOWN CENTER REDEVELOPMENT PROJECT AREA.

(AFFECTS PARCELS 2, 3 AND 4)

CD 60. NOTE: THE RECORD SHOWS THAT THAT PART OF WILLARD WAY LYING NORTH OF HIGH LAKE ROAD WAS VACATED BY ORDINANCE 2010-05-13 A COPY OF WHICH WAS RECORDED AUGUST 18, 2010. IN THE EVENT IT IS DESIRED THAT THIS VACATED ROAD BE ADDED TO THE INSURED LEGAL DESCRIPTION, THE FOLLOWING WILL BE REQUIRED AND THIS COMMITMENT WILL BE SUBJECT TO SUCH FURTHER EXCEPTIONS AS MAY BE DEEMED NECESSARY:

1. EVIDENCE THAT THE AGENDA FOR THE MUNICIPAL MEETING WHEREIN THE VACATION ORDINANCE WAS DISCUSSED WAS POSTED AT LEAST 48 HOURS IN ADVANCE OF THE MEETING AS SET FORTH IN THE OPEN MEETINGS ACT;
2. COPIES OF THE MINUTES OF SAID MEETING;
3. THE NUMBER OF "AYE" AND "NO" VOTE CONCERNING THE ORDINANCE; AND
4. THE NUMBER OF ABSENT OR ABSTAINING MUNICIPAL OFFICIALS.

CI 61. NOTE FOR INFORMATION (ENDORSEMENT REQUESTS):

ALL ENDORSEMENT REQUESTS SHOULD BE MADE PRIOR TO CLOSING TO ALLOW AMPLE TIME FOR THE COMPANY TO EXAMINE REQUIRED DOCUMENTATION.

(THIS NOTE WILL BE WAIVED FOR POLICY).

\*\* END \*\*

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CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 or these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alt.org/>>.

# CHICAGO TITLE INSURANCE COMPANY

## 1031 EXCHANGE SERVICES

If your transaction involves a tax deferred exchange, we offer this service through our 1031 division, IPX1031. As the nation's largest 1031 company, IPX1031 offers guidance and expertise. Security for Exchange funds includes segregated bank accounts and a 100 million dollar fidelity bond. Chicago Title and Trust company also provides a 50 million dollar performance Guaranty for each Exchange. For additional information or to set-up an Exchange, please call Scott Nathanson at (312) 223-2178 or Anna Barsky at (312) 223-2169.



Effective Date: May 1, 2008

Fidelity National Financial, Inc.  
Privacy Statement

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

**Personal Information Collected**

We may collect Personal Information about you from the following sources:

Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information and income information;

Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;

Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transactions, account balances, and credit card information; and

Information we receive from consumer or other reporting agencies and publicly recorded documents.

**Disclosure of Personal Information**

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connections with an insurance transactions;

To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;

To an insurance regulatory authority, or law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;

To companies that perform marketing services on our behalf or to other financial institutions with which we have had joint marketing agreements and/or

To lenders, lien holders, judgement creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

Disclosure to Affiliated Companies - We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties - We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

**Confidentiality and Security of Personal Information**

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

**Access to Personal Information/**

**Requests for Correction, Amendment, or Deletion of Personal Information**

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

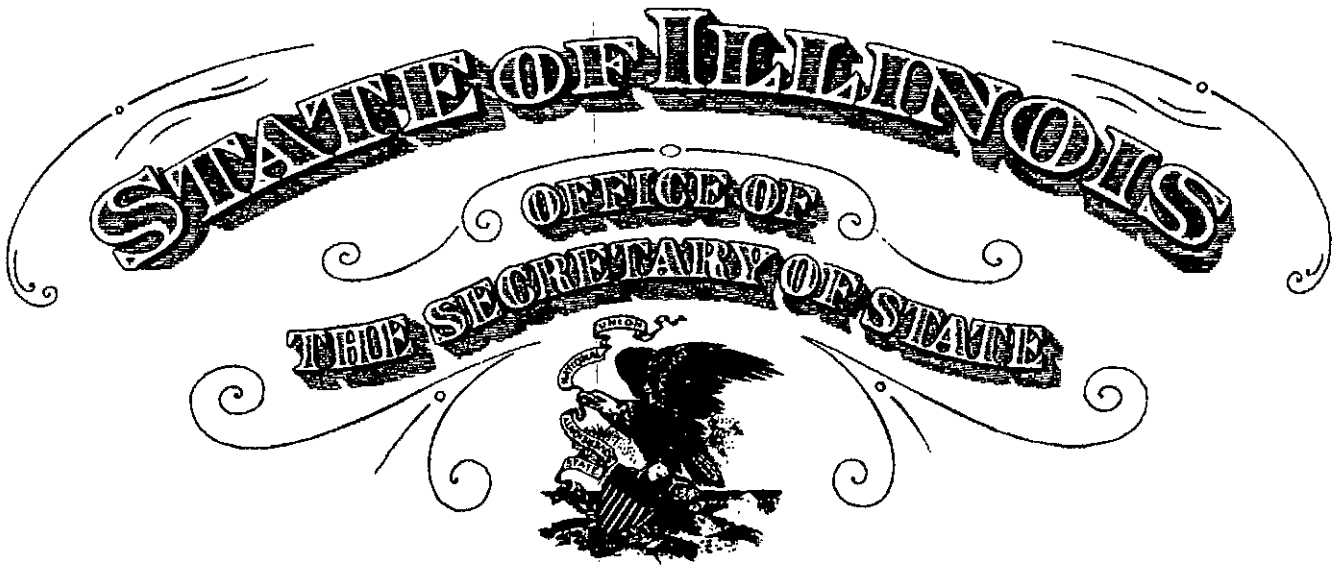
For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity.

Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer  
Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, FL 32204

**Changes to this Privacy Statement**

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.



**To all to whom these Presents Shall Come, Greeting:**

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

CENTRAL DU PAGE HOSPITAL ASSOCIATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 05, 1958, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 5TH day of NOVEMBER A.D. 2010 .***

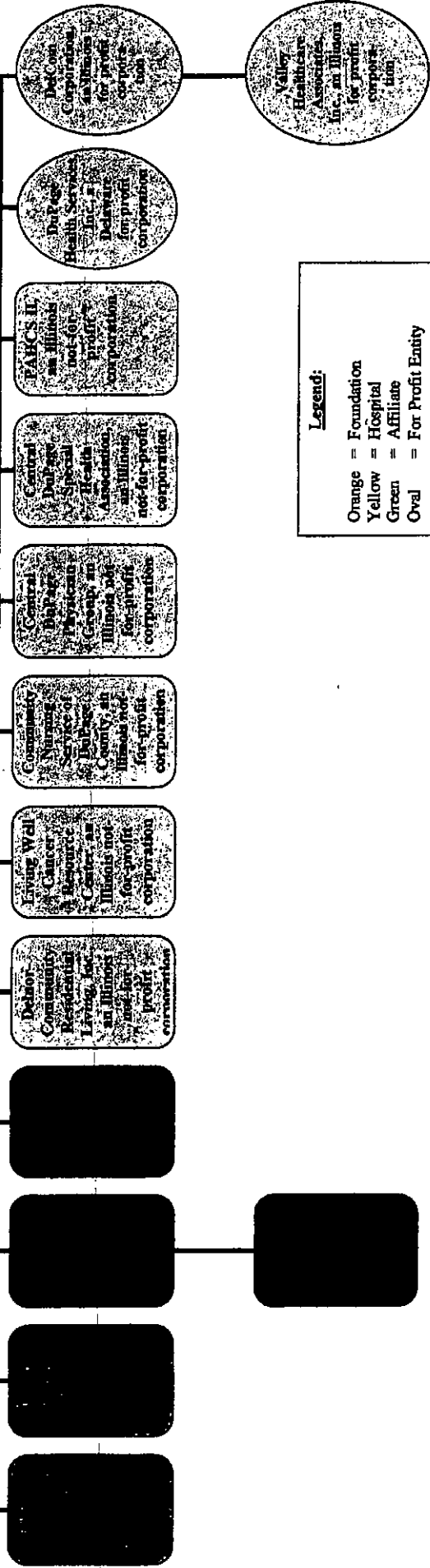


Authentication #: 1030902222

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

*Jesse White*

SECRETARY OF STATE  
ATTACHMENT 3



**Legend:**  
 Orange = Foundation  
 Yellow = Hospital  
 Green = Affiliate  
 Oval = For Profit Entity



May 11, 2011

Illinois Health Facilities and Services Review Board  
525 West Jefferson Street  
Springfield, IL 62761-0001

RE: Central DuPage Hospital  
CDH-Delnor Health System  
Application for Acute Mental Illness Expansion CON Permit  
Floodplain

To Whom It May Concern:

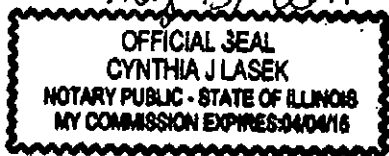
I hereby attest that Central DuPage Hospital is not located in a floodplain, and that the proposed project complies with Executive Order #2005-5.

If we can provide assistance to your staff regarding this issue or any other issue related to this application, please do not hesitate to call me at (630) 933-5066.

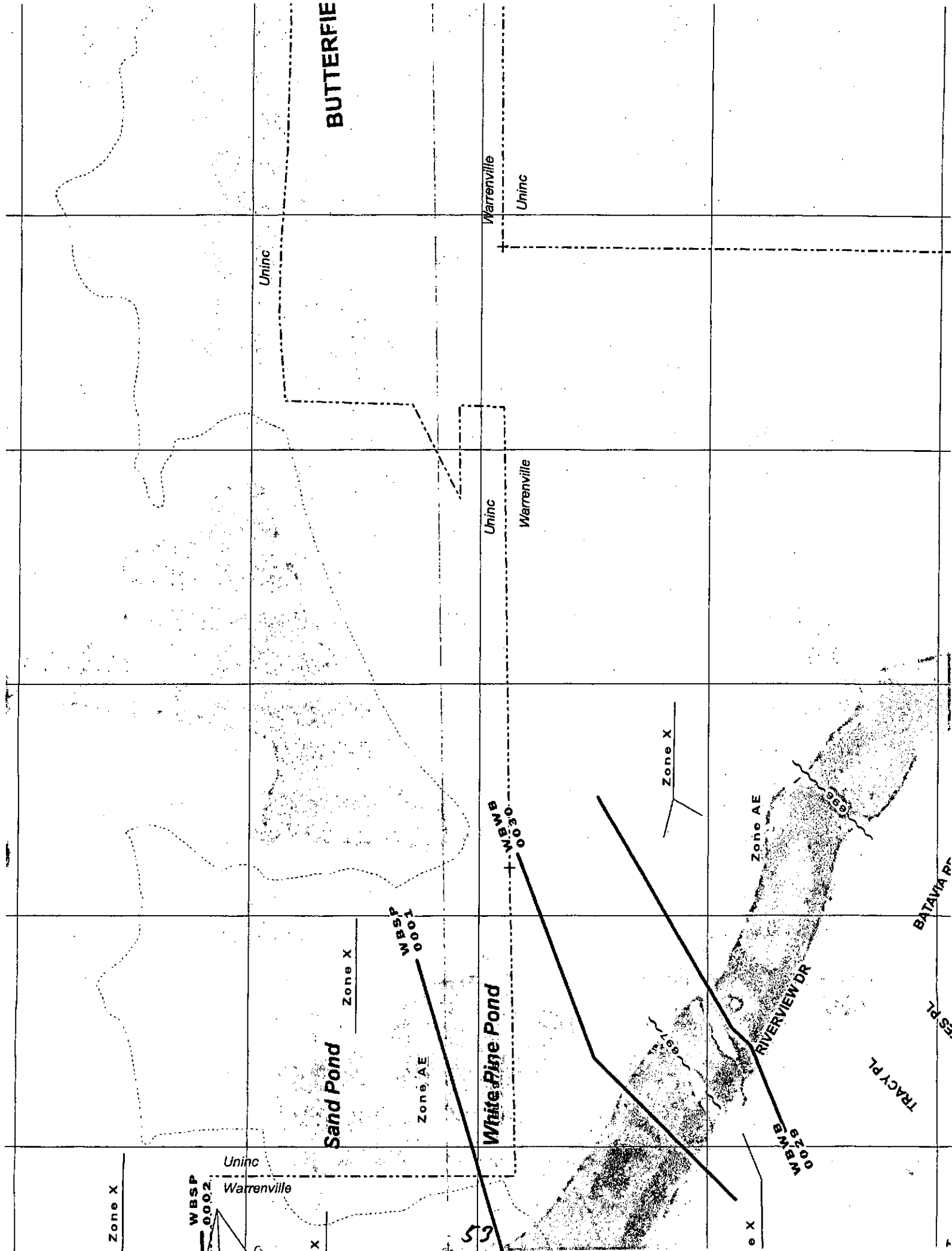
Sincerely,

Michael Vivoda  
President  
Central DuPage Hospital

*Cynthia J. Lasek*  
*May 13, 2011*



ATTACHMENT 5



**BUTTERFIE**

Uninc

Warrenville

Uninc

Uninc

Warrenville

Zone X

Zone AE

Zone X

Zone AE

WBSP  
0001

WBWB  
0030

WBWB  
0025

Zone X

WBSP  
0002

Uninc  
Warrenville

**Sand Pond**

**White Pine Pond**

**RIVERVIEW DR**

**BATAVA PR**

**TRACY PL**

65

e X



**Illinois Historic  
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • [www.illinois-history.gov](http://www.illinois-history.gov)

DuPage County  
Winfield

CON - Modernization of Psychiatric Unit, Central DuPage Hospital  
25 N. Winfield Road  
IHPA Log #001032511

March 30, 2011

Jacob Axel  
Axel & Associates, Inc.  
675 North Court, Suite 210  
Palatine, IL 60067

Dear Mr. Axel:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker  
Deputy State Historic  
Preservation Officer

ATTACHMENT 6

## ITEMIZATION OF PROJECT COSTS

### Preplanning Costs (\$10,000)

Evaluation of alternatives and feasibility assessments related to the hospital's provision of acute mental illness services.

### Modernization Contracts (\$620,000)

Renovation of the existing unit, consistent with ATTACHMENT 42C.

### Contingencies (\$40,000)

Renovation-related contingencies.

### Architectural and Engineering Fees (\$79,200)

Professional fees associated with the project design, preparation of all documents, and interface with IDPH and local authorities, through the project's completion.

### Consulting and Other Fees (\$100,000)

CON-related consulting and review fees, IDPH and municipal review fees, permits, insurance, materials/furniture testing, interior design consultant and miscellaneous costs.

### Moveable and Other Equipment (\$198,000)

Furnishing, fixtures and all non-fixed clinical and non-clinical equipment, including the replacement of selected furniture and equipment.

**Cost Space Requirements**

Dept./Area Reviewable	Cost	Gross Square Feet		Amount of proposed Total Square Feet That is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
AMI	\$ 1,047,200	10,622	10,622		10,622		
<b>Total</b>	<b>\$ 1,047,200</b>	<b>10,622</b>	<b>10,622</b>		<b>10,622</b>		



May 11, 2011

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

RE: Central DuPage Hospital  
CDH-Delnor Health System  
Application for Acute Mental Illness Expansion CON Permit  
Adverse Actions

Dear Ms Avery,

In accordance with Review Criterion 1110.230.b, Background of Applicant, we are submitting this letter assuring the Health Facilities and Services Review Board that:

1. CDH-Delnor Health System does not have any adverse actions against any facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. CDH-Delnor Health System authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

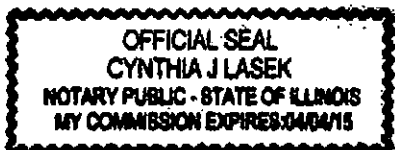
If we can provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me at (630) 933-5500, or Michael Vivoda, President of Central DuPage Hospital, at (630) 933-5066.

Sincerely,



J. Luke McGuinness  
President and CEO  
CDH-Delnor Health System

Notarization:



*Cynthia J. Lasek*  
*May 11, 2011*

ATTACHMENT 11

May 11, 2011

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

RE: Central DuPage Hospital  
CDH-Delnor Health System  
Application for Acute Mental Illness Expansion CON Permit  
Adverse Actions


Dear Ms Avery,

In accordance with Review Criterion 1110.230.b, Background of Applicant, we are submitting this letter assuring the Health Facilities and Services Review Board that:

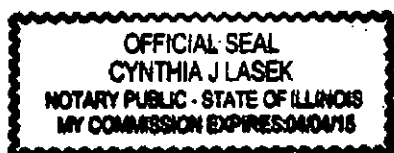
1. CDH-Delnor Health System does not have any adverse actions against any facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. CDH-Delnor Health System authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me at (630) 933-5500, or Michael Vivoda, President of Central DuPage Hospital, at (630) 933-5066.

Sincerely,

  
J. Luke McGuinness  
President and CEO  
CDH-Delnor Health System

Notarization:



*Cynthia J. Lasek*  
*May 11, 2011*



State of Illinois 1756968  
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The period, term or expiration whose name appears on this license has expired with the proceeds of the Illinois Statutes and/or rules and regulations and is hereby authorized to DANON T. ARSOOLD, M.D.

DIRECTOR

Good standing number of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
03/30/12	REGD	0005764
FULL LICENSE GENERAL HOSPITAL		
EFFECTIVE: 03/31/11		

BUSINESS ADDRESS  
Central Dupage Hospital Association  
25 N. Winfield Road  
Winfield, IL 60190

The face of this license may contain identifying marks to assist in the identification of this license.

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 1756968  
Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
03/30/12	REGD	0005764
FULL LICENSE GENERAL HOSPITAL		
EFFECTIVE: 03/31/11		

BUSINESS ADDRESS  
Central Dupage Hospital Association  
25 n. Winfield Road  
Winfield, IL 60190

FEE RECEIPT NO.

59

## BACKGROUND OF APPLICANT



July 11, 2008

Luke McGuinness  
CEO  
Central DuPage Hospital  
25 North Winfield Road  
Winfield, IL 60190

Joint Commission ID #: 7444  
Accreditation Activity: Evidence of Standards  
Compliance  
Accreditation Activity Completed: 7/11/2008

Dear Mr. McGuinness:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Behavioral Health Care
- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning April 17, 2008. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 39 months.

Please visit [Quality Check®](#) on the Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that the Joint Commission will keep the report confidential, except as required by law. To ensure that the Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

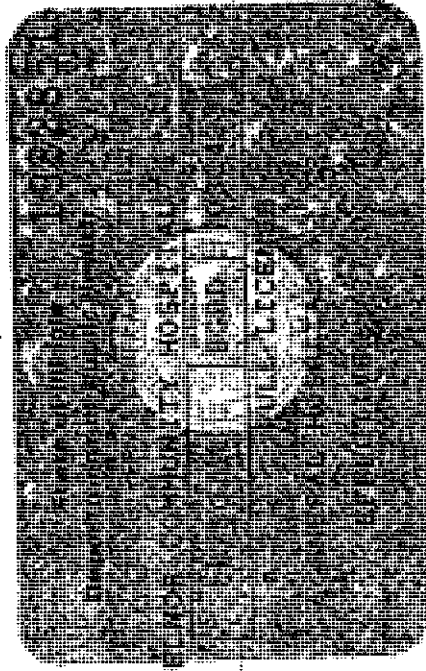
Sincerely,

A handwritten signature in cursive script that reads 'Linda S. Murphy-Knoll'.

Linda S. Murphy-Knoll  
Interim Executive Vice President  
Division of Accreditation and Certification Operations

DISPLAY THIS PART IN A  
CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN  
IDENTIFICATION

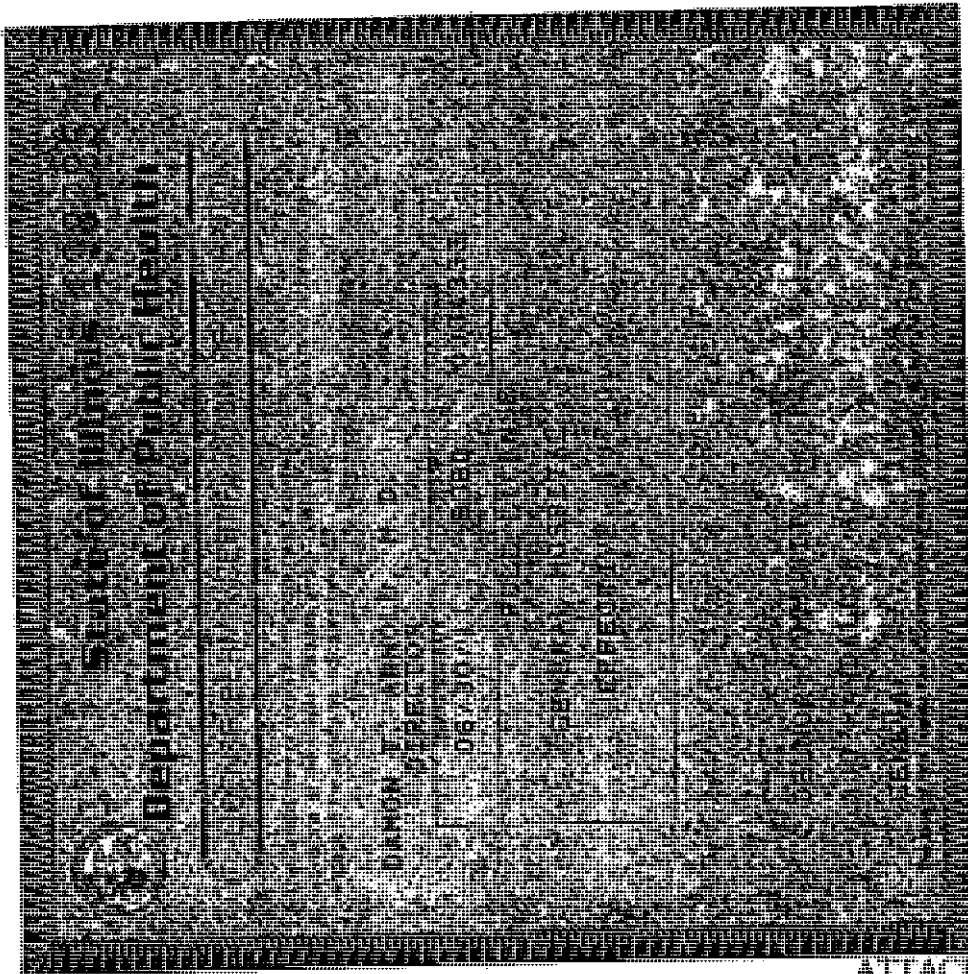


05/08/10

DELNOR COMMUNITY HOSPITAL  
300 RANDALL ROAD

GENEVA IL 60134

FEE RECEIPT NO.





February 18, 2011

Tom Wright, MBA  
President  
Delnor- Community Hospital  
300 Randall Road  
Geneva, IL 60134

Joint Commission ID #: 5291  
Program: Hospital Accreditation  
Accreditation Activity: Unannounced Full  
Event  
Accreditation Activity Completed:  
02/04/2011

Dear Mr. Wright:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high - quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

With that goal in mind, your organization received Requirement(s) for Improvement during its recent survey. These requirements have been summarized in the Accreditation Report provided by the survey team that visited your organization.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Please visit [Quality Check®](#) on The Joint Commission web site for updated information related to your accreditation decision.

Sincerely,

*Ann Scott Blouin RN, PhD*

Ann Scott Blouin, RN, Ph.D.  
Executive Vice President  
Accreditation and Certification Operations

## PURPOSE OF THE PROJECT

The purpose of the proposed project is to address a demand for acute mental illness (AMI) services that Central DuPage Hospital has been unable to appropriately respond to in recent years, due to a lack of AMI beds. With the addressing of that demand, as proposed through this project, the project will be improving the health care and well being of area residents.

The table on the following page, which documents Central DuPage Hospital's 2009 AMI patient origin, confirms that the hospital and this project provide services primarily to area residents. No appreciable changes to patient origin are anticipated as a result of this project.

Community	ZIP Code	Patients	%	Cumulative %
WHEATON	60187	188	13.2%	13.2%
CAROL STREAM	60188	142	10.0%	23.1%
WEST CHICAGO	60185	123	8.6%	31.7%
GLEN ELLYN	60137	80	5.6%	37.4%
GLENDALE HEIGHTS	60139	48	3.4%	40.7%
WHEATON	60189	43	3.0%	43.7%
WINFIELD	60190	43	3.0%	46.7%
WARRENVILLE	60555	40	2.8%	49.5%
SAINT CHARLES	60174	37	2.6%	52.1%
BARTLETT	60103	35	2.5%	54.6%
LOMBARD	60148	29	2.0%	56.6%
GENEVA	60134	26	1.8%	58.4%
BLOOMINGDALE	60108	25	1.8%	60.2%
HANOVER PARK	60133	24	1.7%	61.9%
ADDISON	60101	21	1.5%	63.3%
ELMHURST	60126	18	1.3%	64.6%
VILLA PARK	60181	18	1.3%	65.9%
BATAVIA	60510	18	1.3%	67.1%
NAPERVILLE	60540	18	1.3%	68.4%
ROSELLE	60172	16	1.1%	69.5%
DOWNERS GROVE	60515	15	1.1%	70.6%
ZIP Code areas contributing < 1%			<u>29.4%</u>	100.0%
			100.0%	



The patient origin table on the previous page documents that each ZIP Code area that accounted for a minimum of 1% Central DuPage Hospital's AMI admissions in 2009 is located in the western suburbs, which serves as the hospital's service area.

As documented and discussed in ATTACHMENT 15, the number of AMI patient days provided at Central DuPage Hospital in recent years has resulted in an occupancy rate in excess of 120% during each of the past two years. During those two years, over 3,000 AMI patient days of care were provided on the medical/surgical units because the AMI unit was full. That number alone, however, does not reflect the magnitude of demand for AMI beds at Central DuPage that is not being met. In addition, 200-250 AMI patients are being transferred to another hospital following evaluation in the hospital's ED, with over 80% of those patients being transferred due to a lack of beds at Central DuPage. Another factor that is clearly significant from anecdotal accounts, but not quantifiable, is the number of patients referred elsewhere by their psychiatrist because the psychiatrist knows that a bed is not available.

The goal of the project is to be able to accommodate the demand for inpatient AMI services at Central DuPage Hospital through the hospital's AMI beds, and the degree to which the goal is met will be immediately measurable.

## ALTERNATIVES

As documented in ATTACHMENTS 15 and 22b4, the demand for AMI services at Central DuPage Hospital has far surpassed the capacity of the hospital's 15-bed AMI unit to address that demand. The proposed project addresses the demand through the on-site expanding of the hospital's existing unit.

Three alternatives were evaluated, with each being found to be inferior to the proposed project.

The first alternative considered was the continued practice of using medical/surgical rooms for "overflow" AMI patients. While this practice has been used out of necessity in recent years, it results in logistical difficulties in bringing AMI patients from a medical/surgical unit to the AMI unit multiple times during the day for therapy sessions, as well as staffing difficulties. In addition, some patients, for clinical reasons, must be admitted to an AMI unit, and as a result, some area residents are being forced to travel to more distant hospitals for admission.

The second alternative considered was the development of a new 30+ bed AMI unit in space to be vacated in the hospital's South or Central building upon the completion of the bed tower currently under construction. The most significant drawback

to this alternative is timing. It could easily be two years before the required space is vacated and renovated to accommodate an AMI unit. The potential exists, however, to consider this alternative at some point in the future. In addition, the estimated cost of renovating the space required, understanding the current configuration of those buildings is approximately \$1.65 million, far in excess of the renovation costs associated with the proposed project.

The third alternative considered involved the continued use of the existing 15-bed AMI unit, coupled with the development of a second 15-20 bed unit in renovated space in either the Central or South building. This alternative, however, has the same timing issues as discussed in the second alternative above, and a renovation cost of approximately \$900,000. In addition, the operating of two, small AMI units would result in significant staffing redundancies and higher than appropriate staffing-related costs.

None of the alternatives would have differing accessibility or quality of care issues.

The proposed project was selected from the alternatives considered because: 1) the additional beds could become operational very quickly, 2) a single 26-bed unit is within the size appropriate for an AMI unit, 3) operating costs (primarily staffing-related) are lower with a 26-bed unit than two smaller units, 4) patients would not need to be transported from one unit to another, and 5) the capital costs associated with the proposed

project are lower than those of the alternatives involving the use of space in either the South or Central buildings.

## SIZE OF THE PROJECT

Upon the completion of the proposed project, 26 acute mental illness (AMI) beds will be located in 10,622 departmental gross square feet (DGSF), providing 409 DGSF per bed, compared to the IDPH's standard of a maximum of 560 DGSF per bed.

The proposed 10,662 DGSF is necessary and not excessive, and consists exclusively of the space currently allocated to the hospital's inpatient AMI program.

## PROJECT SERVICES UTILIZATION

The proposed project is limited to one clinical service, the increasing of the acute mental illness (AMI) service from fifteen to 26 beds. As identified to the IDPH by Central DuPage Hospital through its 2009 and 2010 *Annual Hospital Questionnaire* filings, during each of the past two years Central DuPage Hospital has provided a volume of AMI services that has forced it to locate AMI patients on medical/surgical units, because no beds have been available on the AMI unit. This circumstance is documented in the attached copies of filings with the IDPH which show that in 2009 1,178 AMI patient days of care were provided on the hospital's medical/surgical units, and in 2010 1,884 AMI patient days of care were provided on the hospital's medical/surgical units. Because of the design of the IDPH *Hospital Profile*, which uses the *Questionnaire* as its source document, occupancy rates identified on the *Profile* cannot exceed 100%. In reality, Central DuPage Hospital's 2009 AMI occupancy rate was 121.5%, and its actual 2010 AMI occupancy rate was 134.4%. This anomaly has been discussed with IDPH staff.

The table on the following page reflects actual historical AMI utilization at Central DuPage Hospital.

Dept./ Service	Historical Utilization (Patient Days) (TREATMENTS) ETC.	PROJECTED UTILIZATION		STATE STANDARD	MET STANDARD?
		YEAR 1	YEAR 2		
AMI	7,359	8,350	8,540	7,756+	yes

In 2010 7,359 AMI patient days of care were provided, resulting in an average daily census of 20.2 patients, supporting a need for 24 beds.

Attached are letters from twelve area psychiatrists, indicating that had the proposed adolescent and gero-psychiatry programs been in place and had beds been available, they would have cumulatively admitted an additional 364 patients. Assuming an average length of stay of 6.0 days, the 364 incremental admissions would have resulted in 2,184 additional AMI patient days, or a total of 9,543 patient days, supporting a need for 31 beds, compared to the proposed 26 beds.

**Allocation of Patient Days**

Calendar Year 2009

Purpose: Allocate days that exceed maximum allowed on IDPH Survey.

Authorized Hospital Bed Capacity 15  
Days 365

MS DRG Grouping	Age Category	Total Actual Days	Allowable Days	Difference	Allocate Days to MedSurg	Revised Acute Mental Illness
Acute Mental Illness	0-14	**	**	**	**	**
Acute Mental Illness	15-44	3,752			684	3,068
Acute Mental Illness	45-64	2,229			416	1,813
Acute Mental Illness	65-74	272			32	240
Acute Mental Illness	75 up	400			46	354
<b>Total</b>		<b>6,653</b>	<b>5,475</b>	<b>1,178</b>	<b>1,178</b>	<b>5,475</b>

MS DRG Grouping	Age Category	Total Actual Days	Allowable Days	Difference	Allocate Days to MedSurg	Revised MedSurg
MedSurg	0-14	**	**	**	**	**
MedSurg	15-44	7,180			684	7,864
MedSurg	45-64	16,627			416	17,043
MedSurg	65-74	9,743			32	9,775
MedSurg	75 up	16,964			46	17,010
<b>Total</b>		<b>50,514</b>			<b>1,178</b>	<b>51,692</b>

**For the CY 2009 Pediatric Utilization exceeded maximum allowed days:**

Authorized Hospital Bed Capacity 10  
Days 365

MS DRG Grouping	Age Category	Total Actual Days	Allowable Days	Difference	Allocate Days to MedSurg	Revised Peds
Pediatrics	0-14	3,783	3,650	133	133	3,650

MS DRG Grouping	Age Category	Total Actual Days	Allowable Days	Difference	Allocate Days to MedSurg	Revised MedSurg
Reallocated to MedSurg	15-44	7,864			133	7,997

**Final MedSurg Totals Submitted:**

MedSurg	0-14	**				**
MedSurg	15-44	7,997				7,997
MedSurg	45-64	17,043				17,043
MedSurg	65-74	9,775				9,775
MedSurg	75 up	17,010				17,010
<b>Total Calendar 2009 Medical Surgical Utilization</b>						<b>51,825</b>

\*\* Reported Under Peds Utilization

72



**Acute Mental Illness Allocation of Days**

Calendar Year 2010

Purpose: Allocate days that exceed maximum allowed on IDPH Survey.

Authorized Hospital Bed Capacity 15  
Days 365

MS DRG Grouping	Age Category	Total Actual Days	% of Total	Allowable Days		
				on Survey	Difference	Allocate Days to MedSurg
Acute Mental Illness	0-14	**	**	**	**	**
Acute Mental Illness	15-44	4,190	56.9%			3,117
Acute Mental Illness	45-64	2,550	34.7%			1,897
Acute Mental Illness	65-74	359	4.9%			267
Acute Mental Illness	75 up	260	3.5%			194
<b>Total</b>		<b>7,359</b>	<b>100.0%</b>	<b>5,475</b>	<b>1,884</b>	<b>5,475</b>
MedSurg	0-14	**	**	**	**	**
MedSurg	15-44	6,538				7,611
MedSurg	45-64	16,303				16,956
MedSurg	65-74	10,502				10,594
MedSurg	75 up	16,342				16,408
<b>Total</b>		<b>49,685</b>			<b>1,884</b>	<b>51,569</b>

\*\* Reported under Peds Utilization

Name (print): PAULINE WIENER

Specialty: GERIATRIC PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 10 patients to the following hospitals in the western and northwestern suburbs:

LINDEN OAKS HOSPITAL

ELLEN OAKS HOSPITAL

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 10 patients to Central DuPage Hospital.

Approximately 95% of my patients reside within 30 minutes of Central DuPage Hospital.

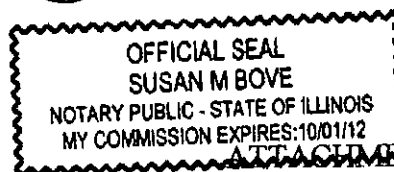
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,



notarized:





ATTACHMENT 15

Name (print): Rekha Menon

Date: 3-2-11

Specialty: Child Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately \_\_\_\_\_ patients to the following hospitals in the western and northwestern suburbs:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 7 patients to Central DuPage Hospital.

Approximately \_\_\_\_\_% of my patients reside within 30 minutes of Central DuPage Hospital.

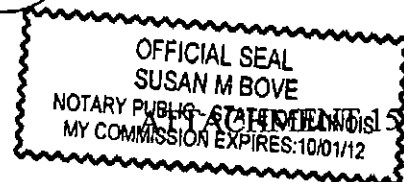
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

*Rekha Menon*

notarized:

*Susan M. Bove* 3/2/11



Name (print): Dan Wyma, MD

Specialty: Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

Linden Oaks

Streamwood

Alexon Brothers

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 25 patients to Central DuPage Hospital.

Approximately 85 % of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Dan Wyma MD

notarized:

Susan M. Bove



Name (print): C. J. O'BRIEN

Specialty: PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately <sup>125</sup>~~142~~ patients to the following hospitals in the western and northwestern suburbs:

CENTRAL DUPAGE  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 30 patients to Central DuPage Hospital.

Approximately 60 % of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

*Cynthia M. ...*

notarized:

*Susan M. Bove*



Name (print): Saima Sabah

Date: 3/2/11

Specialty: Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

- Good Sam Hospital
- Linden Oaks
- Alexian Brothers

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 50 patients to Central DuPage Hospital.

Approximately 75% of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Saima Sabah

notarized:

Susan M. Bove 3/2/11



Name (print): KEN PHILLIPS, MD

Specialty: PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately <sup>24</sup> ~~96~~ patients to the following hospitals in the western and northwestern suburbs:

LINDEN OAKS

ALEXIAN BROTHERS

GLEN OAK

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional ~~24~~ patients to Central DuPage Hospital.

Approximately 80 % of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

*Ken Phillips MD* notarized:

*Susan M. Bove*



Name (print): Elliott Pae, M.D.

Date: 3/2/11

Specialty: Child, Adolescent; Adult Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

Provena Mercy of Aurora

Alexian Bros. Hosp.

Linden Oaks Hosp.

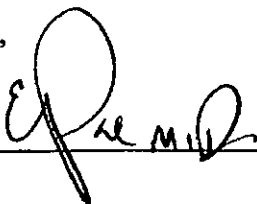
St. Ann's Hosp. / Lutheran General Hosp.

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 25 patients to Central DuPage Hospital.

Approximately 90% of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,



notarized:

 3/2/11





Name (print): Nicholas Shea, MD

Date: 3/2/2011

Specialty: Psychiatry, Adult

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

Linden Oaks

Meigs Hospital

Alexian Brother

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 30 patients to Central DuPage Hospital.

Approximately 90% of my patients reside within 30 minutes of Central DuPage Hospital.

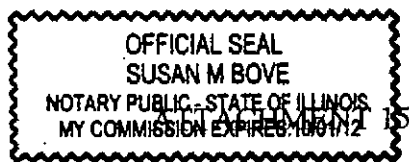
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Nicholas Shea, MD

notarized:

Susan M. Bove 3/2/11



Name (print): SHIRAZ BUTT MD

Specialty: Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 2 patients to the following hospitals in the western and northwestern suburbs:

Hinsdale Hospital

---

---

---

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 2 patients to Central DuPage Hospital.

Approximately 70 % of my patients reside within 30 minutes of Central DuPage Hospital.

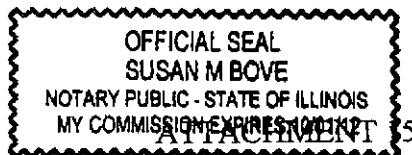
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Shiraz Butt MD

notarized:

Susan M Bove



Name (print): DANIESH ALAM MD

Specialty: PSYCHIATRY / ADDICTIONS / GERO PSYCHIATRY  
3/11/11

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 128 patients to the following hospitals in the western and northwestern suburbs:

LINDEN OAKS

GLEN OAKS

ALEXIAN BROS

GODS SAMARITAN

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 90 patients to Central DuPage Hospital.

Approximately 80 % of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Danesh Alam MD

notarized:

Susan M. Bove



Name (print): ISRAR ABBAS7

Date: 3/7/11

Specialty: PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 10 patients to the following hospitals in the western and northwestern suburbs:

LINDEN OAKS

Alexian Brothers

\_\_\_\_\_

\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 25 patients to Central DuPage Hospital.

Approximately 75 % of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Israr Abbas

notarized:

Susan M. Bove



Name (print): NADEEM HUSSAIN

Specialty: PSYCHIATRY

3/9/11

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately <sup>200</sup> patients to the following hospitals in the western and northwestern suburbs:

Central DuPage Hospital (primary)

Linden Oaks Hospital

Elgin Mental Health Center

Alton Oaks Hospital

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 50 patients to Central DuPage Hospital.

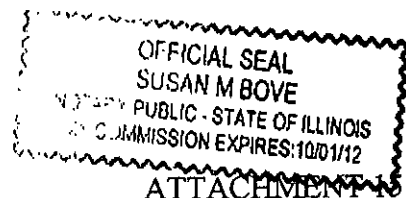
Approximately 90% of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

NADEEM HUSSAIN, MD notarized:

Susan M. Bove



FR

## SERVICE TO PLANNING AREA RESIDENTS

Central DuPage Hospital is located in Planning Area A-5 (DuPage County) for acute mental illness (AMI) services, and is located within a 10-minute drive of Planning Area A-12 (southern Kane County).

The table on the following page identifies each ZIP Code area/community that contributed a minimum of 1% of Central DuPage Hospital's AMI admissions during 2009. As evidence that Central DuPage's AMI unit provides services primarily to residents of the planning area, of the 21 identified ZIP Code areas, 17 are located within Planning Area A-5, with those ZIP Code areas alone accounting for 63.2% of the 2009 admissions to the hospital's AMI unit.

Community	ZIP Code	Patients	%	Cumulative %
WHEATON	60187	188	13.2%	13.2%
CAROL STREAM	60188	142	10.0%	23.1%
WEST CHICAGO	60185	123	8.6%	31.7%
GLEN ELLYN	60137	80	5.6%	37.4%
GLENDALE HEIGHTS	60139	48	3.4%	40.7%
WHEATON	60189	43	3.0%	43.7%
WINFIELD	60190	43	3.0%	46.7%
WARRENVILLE	60555	40	2.8%	49.5%
SAINT CHARLES	60174	37	2.6%	52.1%
BARTLETT	60103	35	2.5%	54.6%
LOMBARD	60148	29	2.0%	56.6%
GENEVA	60134	26	1.8%	58.4%
BLOOMINGDALE	60108	25	1.8%	60.2%
HANOVER PARK	60133	24	1.7%	61.9%
ADDISON	60101	21	1.5%	63.3%
ELMHURST	60126	18	1.3%	64.6%
VILLA PARK	60181	18	1.3%	65.9%
BATAVIA	60510	18	1.3%	67.1%
NAPERVILLE	60540	18	1.3%	68.4%
ROSELLE	60172	16	1.1%	69.5%
DOWNERS GROVE	60515	15	1.1%	70.6%
ZIP Code areas contributing < 1%			29.4%	100.0%
			100.0%	

Please refer to the discussion in ATTACHMENT 15 as confirmation that the project will be providing a necessary health care service.



## SERVICE DEMAND

The applicants propose to expand Central DuPage Hospital's acute mental illness (AMI) service from fifteen to 26 beds, and to expand their programmatic commitment to AMI services from a general, adult-oriented unit to a service that also provides inpatient adolescent psychiatry and gero-psychiatry programming.

Central DuPage Hospital's AMI unit has historically operated far in excess of the IHFSRB's 85% target occupancy level. As identified to the IDPH by Central DuPage Hospital through its 2009 and 2010 *Annual Hospital Questionnaire* filings, during each of the past two years Central DuPage Hospital has provided a volume of AMI services that has forced it to locate AMI patients on medical/surgical units, because no beds have been available on the AMI unit. This circumstance is documented in the copies of filings with the IDPH provided in ATTACHMENT 15, which show that in 2009 1,178 AMI patient days of care were provided on the hospital's medical/surgical units, and in 2010 1,884 AMI patient days of care were provided on the hospital's medical/surgical units. Because of the design of the IDPH *Hospital Profile*, which uses the *Questionnaire* as its source document, occupancy rates identified on the *Profile* cannot exceed 100%. In reality, Central DuPage Hospital's 2009 AMI occupancy rate was 121.5%, and its actual 2010 AMI occupancy rate was 134.4%. This anomaly has been discussed with IDPH staff.

In 2010 7,359 AMI patient days of care were provided, resulting in an average daily census of 20.2 patients, supporting a need for 24 beds. 6,653 AMI patient days were provided at the hospital in 2009, resulting in an average daily census of 18.2 patients, supporting a need for 22 beds.

Attached are letters from twelve area psychiatrists, indicating that had the proposed adolescent and gero-psychiatry programs been in place and had beds been available, they would have cumulatively admitted an additional 364 patients. Assuming an average length of stay of 6.0 days, the 364 incremental admissions would have resulted in 2,184 additional AMI patient days, or a total of 9,543 patient days, supporting a need for 31 beds, compared to the proposed 26 beds.

Name (print): PAULINE WIENER

Specialty: GERIATRIC PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 10 patients to the following hospitals in the western and northwestern suburbs:

LINDEN OAKS HOSPITAL

GREEN OAKS HOSPITAL

\_\_\_\_\_  
\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 10 patients to Central DuPage Hospital.

Approximately 95% of my patients reside within 30 minutes of Central DuPage Hospital.

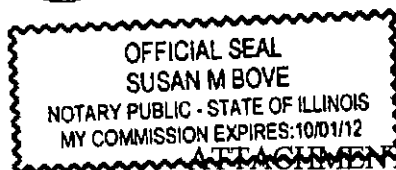
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

[Signature]

notarized:

[Signature]



ATTACHMENT 22b4

Name (print): Rekha Menon

Date: 3-2-11

Specialty: Child Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately \_\_\_\_ patients to the following hospitals in the western and northwestern suburbs:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 7 patients to Central DuPage Hospital.

Approximately \_\_\_\_% of my patients reside within 30 minutes of Central DuPage Hospital.

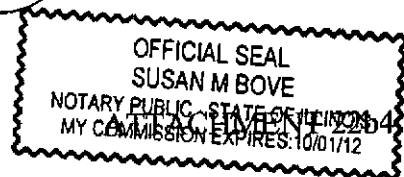
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

*Rekha Menon*

notarized:

*Susan M. Bove* 3/2/11



Name (print): Dan Wyma, MD

Specialty: Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

Linden Oaks

Streamwood

Alexon Brothers

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 25 patients to Central DuPage Hospital.

Approximately 85 % of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Dan Wyma MD

notarized:

Susan M. Bove



Name (print): C. J. O' BRIEN

Specialty: PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately <sup>125</sup>~~112~~<sup>3</sup> patients to the following hospitals in the western and northwestern suburbs:

CENTRAL DUPAGE

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 30 patients to Central DuPage Hospital.

Approximately 60 % of my patients reside within 30 minutes of Central DuPage Hospital.

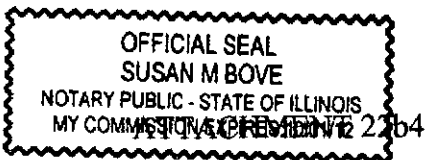
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

*C. J. O'Brien*

notarized:

*Susan M. Bove*



Name (print): Saima Sabah

Date: 3/2/11

Specialty: Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

- Good Sam Hospital

- Linden Oaks

- Alexian Brothers

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 50 patients to Central DuPage Hospital.

Approximately 75% of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Saima Sabah

notarized:

Susan M. Bove 3/2/11  
OFFICIAL SEAL  
SUSAN M BOVE  
NOTARY PUBLIC - STATE OF ILLINOIS  
MY COMMISSION EXPIRES APRIL 12, 2012  
ATTACHMENT 2 b4

95

Name (print): KEN PHILLIPS, MD

Specialty: PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately <sup>24</sup> ~~96~~ patients to the following hospitals in the western and northwestern suburbs:

LINDEN OAKS

ALEXIAN BROTHERS

GLEN OAK

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional ~~200~~ patients to Central DuPage Hospital.

Approximately 80 % of my patients reside within 30 minutes of Central DuPage Hospital.

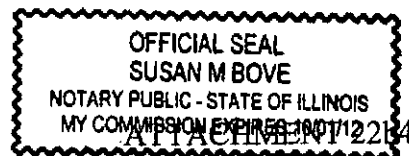
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

*Ken Phillips MD*

notarized:

*Susan M. Bove*





Name (print): Elliott Pae, M.D.

Date: 3/2/11

Specialty: Child, Adolescent; Adult Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

Provena Mercy of Aurora

Alexian Bros. Hosp.

Linden Oaks Hosp.

St. Ann's Hosp. / Lutheran General Hosp.

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 25 patients to Central DuPage Hospital.

Approximately 90% of my patients reside within 30 minutes of Central DuPage Hospital.

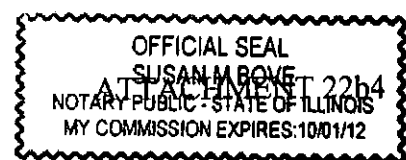
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Elliott Pae, M.D.

notarized:

Jane M. Bone 3/2/11



Name (print): Nicholas Shea, MD

Date: 3/2/2011

Specialty: Psychiatry, Adult

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 20 patients to the following hospitals in the western and northwestern suburbs:

Linden Oaks

Meigs Hospital

Alexian Brother

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 30 patients to Central DuPage Hospital.

Approximately 90% of my patients reside within 30 minutes of Central DuPage Hospital.

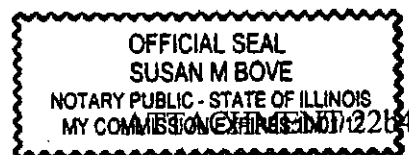
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Nicholas Shea, MD

notarized:

Susan M. Bove 3/2/11



Name (print): SHIRAZ BUTT MD  
Specialty: Psychiatry

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 2 patients to the following hospitals in the western and northwestern suburbs:

Hinsdale Hospital  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 2 patients to Central DuPage Hospital.

Approximately 70 % of my patients reside within 30 minutes of Central DuPage Hospital.

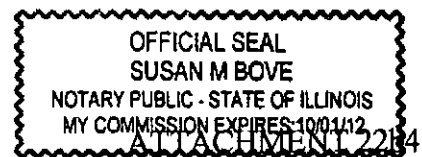
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Shiraz Butt MD

notarized:

Susan M Bove



Name (print): DANESH ALAM MD

Specialty: PSYCHIATRY / ADDICTIONS / GERO PSYCHIATRY

3/11/11

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 128 patients to the following hospitals in the western and northwestern suburbs:

LINDEN DALES

GLEN DALES

ALEXIAN BROS

GOODS SAMARITAN

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 90 patients to Central DuPage Hospital.

Approximately 80% of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

DANESH ALAM MD

notarized:

Susan M. Bove



Name (print): ISRAEL ABBAS

Date: 3/7/11

Specialty: PSYCHIATRY

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately 10 patients to the following hospitals in the western and northwestern suburbs:

LINDEN OAKS

Alexian Brothers

\_\_\_\_\_

\_\_\_\_\_

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 25 patients to Central DuPage Hospital.

Approximately 75 % of my patients reside within 30 minutes of Central DuPage Hospital.

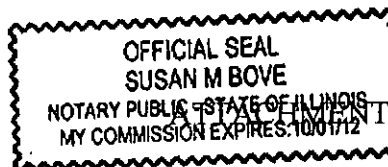
This information is correct, to the best of my knowledge, and these patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

Israel Abbas

notarized:

Susan M Bove



Name (print): NADEEM HUSSAIN

Specialty: PSYCHIATRY

3/9/11

To Whom It May Concern:

I am in support of Central DuPage Hospital's plans to add 15 psychiatric beds.

Last year I admitted or referred approximately <sup>200</sup> patients to the following hospitals in the western and northwestern suburbs:

Central DuPage Hospital (primary)

Windsor Oaks Hospital

Elgin Mental Health Center


Windsor Oaks Hospital

Had the proposed gero-psychiatry and adolescent programs been operational, and had beds been available, I estimate that I would have admitted or referred an additional 50 patients to Central DuPage Hospital.

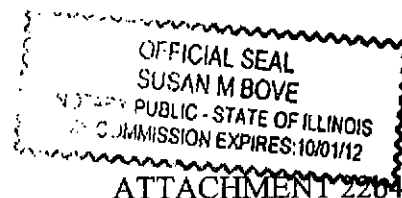
Approximately 90% of my patients reside within 30 minutes of Central DuPage Hospital.

This information is correct, to the best of my knowledge, and those patients have not been used to "support" the establishment or expansion of other programs.

Sincerely,

 NADEEM HUSSAIN, M.D. notarized:





ATTACHMENT 2204

## STAFFING

Central DuPage Hospital's existing acute mental illness unit meets or exceeds all IDPH or accreditation-related staffing requirements, and will continue to do so following the proposed expansion.

The hospital enjoys a reputation as being a "good place to work" and operates with few vacancies. No difficulties are anticipated in the recruitment and hiring of the incremental staffing required to support the proposed programs and additional eleven beds. Current employees of the applicants will be given the first opportunity to apply for positions, approximately 10-12 weeks prior to the expansion. Advertisements will be placed in local publications approximately 8 weeks prior to the expansion, and all incremental clinical staff will be in place 1-2 weeks, prior to the expansion.

PERFORMANCE REQUIREMENTS

With this the approval and implementation of this project, Central DuPage Hospital will be in compliance with review criterion 1110.730.f.





ASSURANCES

May 11, 2011

Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761-0001

RE: Central DuPage Hospital
CDH-Delnor Health System
Application for Acute Mental Illness Expansion CON Permit
Occupancy Assurance

To Whom It May Concern:

Please be advised that it is my full expectation that, by the second year of operation following the proposed expansion of Central DuPage Hospital's acute mental illness unit, an 85% occupancy level will be achieved and maintained.

If we can provide assistance to your staff regarding this issue or any other issue related to this application, please do not hesitate to call me at (630) 933-5066.

Sincerely,

[Handwritten signature of Michael Vivoda]

Michael Vivoda
President
Central DuPage Hospital

[Handwritten signature of Cynthia J. Lasek]
[Handwritten date: May 13, 2011]
OFFICIAL SEAL
CYNTHIA J LASEK
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 04/04/15

ATTACHMENT 22g



**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Financial Statements

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)



KPMG LLP  
303 East Wacker Drive  
Chicago, IL 60601-5212

## Independent Auditors' Report

The Board of Directors  
Central DuPage Hospital Association:

We have audited the accompanying balance sheets of Central DuPage Hospital Association (CDH) as of June 30, 2010 and 2009, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of CDH's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CDH's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central DuPage Hospital Association as of June 30, 2010 and 2009, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

September 23, 2010

ATTACHMENT 39

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**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Balance Sheets

June 30, 2010 and 2009

(In thousands)

Assets	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 35,815	22,345
Receivables:		
Patient accounts, less allowance for doubtful accounts of \$29,985 in 2010 and \$25,697 in 2009	63,871	66,574
Estimated settlements under third-party reimbursement programs and other	39,932	38,514
Inventories	1,570	2,510
Prepaid expenses	6,862	1,054
Total current assets	<u>148,050</u>	<u>130,997</u>
Assets whose use is limited	343,291	350,107
Land, buildings, and equipment, net of accumulated depreciation	<u>457,146</u>	<u>352,874</u>
Total assets	<u>\$ 948,487</u>	<u>833,978</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 31,722	25,618
Accrued liabilities:		
Salaries and wages	33,245	34,166
Pension	4,209	4,594
Other	18,103	11,960
Estimated payables under third-party reimbursement programs	63,904	56,536
Total current liabilities	<u>151,183</u>	<u>132,874</u>
Construction payables	19,212	11,118
Total liabilities	<u>170,395</u>	<u>143,992</u>
Commitments and contingent liabilities		
Net assets:		
Unrestricted	<u>778,092</u>	<u>689,986</u>
Total liabilities and net assets	<u>\$ 948,487</u>	<u>833,978</u>

See accompanying notes to financial statements.

**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Statements of Operations and Changes in Net Assets

Years ended June 30, 2010 and 2009

(In thousands)

	<u>2010</u>	<u>2009</u>
Net patient service revenue	\$ 601,970	583,774
Other revenue	17,423	12,538
<b>Total revenue</b>	<u>619,393</u>	<u>596,312</u>
<b>Expenses:</b>		
Departmental expenses:		
Salaries and wages	177,324	169,928
Employee benefits	46,291	39,195
Professional fees and purchased services	53,194	62,926
Supplies	93,307	87,593
Other	68,374	67,576
	<u>438,490</u>	<u>427,218</u>
Depreciation	37,128	40,726
Provision for uncollectible accounts	40,143	34,592
<b>Total expenses</b>	<u>515,761</u>	<u>502,536</u>
Revenue in excess of expenses	103,632	93,776
Nonoperating gains and losses:		
Investment return and other, net	12,837	(14,580)
<b>Revenue and gains in excess of expenses and losses</b>	<u>116,469</u>	<u>79,196</u>
Other changes in unrestricted net assets:		
Change in net unrealized gains and losses on other-than-trading securities	894	7,453
Equity transfers from Central DuPage Health Foundation	743	1,025
Equity transfers to Central DuPage Health	(30,000)	(15,000)
<b>Increase in unrestricted net assets</b>	<u>88,106</u>	<u>72,674</u>
Unrestricted net assets at beginning of year	<u>689,986</u>	<u>617,312</u>
Unrestricted net assets at end of year	\$ <u><u>778,092</u></u>	<u><u>689,986</u></u>

See accompanying notes to financial statements.

# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Statements of Cash Flows

Years ended June 30, 2010 and 2009

(In thousands)

	2010	2009
Cash flows from operating activities and gains and losses:		
Change in net assets	\$ 88,106	72,674
Adjustments to reconcile change in net assets to net cash provided by operating activities and gains and losses:		
Depreciation	37,128	40,726
Provision for uncollectible accounts	40,143	34,592
Change in net unrealized gains and losses on investments	(6,238)	14,981
Other-than-temporary impairments of investments	—	2,126
Equity transfers from Central DuPage Health Foundation	(743)	(1,025)
Equity transfers to Central DuPage Health	30,000	15,000
Changes in assets and liabilities:		
Receivables	(38,858)	(36,222)
Inventories	940	(822)
Prepaid expenses	(5,808)	105
Accounts payable	6,104	2,889
Accrued liabilities	4,837	5,901
Estimated payables under third-party reimbursement programs	7,368	9,178
Net cash provided by operating activities and gains and losses	162,979	160,103
Cash flows from investing activities:		
Net change in assets whose use is limited	13,054	(78,745)
Acquisition of land, buildings, and equipment, net	(141,400)	(76,660)
Change in construction payables	8,094	5,481
Net cash used in investing activities	(120,252)	(149,924)
Cash flows from financing activities:		
Equity transfers from Central DuPage Health Foundation	743	1,025
Equity transfers to Central DuPage Health	(30,000)	(15,000)
Net cash used in financing activities	(29,257)	(13,975)
Net change in cash and cash equivalents	13,470	(3,796)
Cash and cash equivalents at beginning of year	22,345	26,141
Cash and cash equivalents at end of year	\$ 35,815	22,345

See accompanying notes to financial statements.

# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

### (1) Description of Organization and Summary of Significant Accounting Policies

Central DuPage Hospital Association (CDH), located in Winfield, Illinois, is a not-for-profit acute care hospital. CDH provides inpatient, outpatient, and emergency care for residents in the surrounding area. CDH is affiliated with Central DuPage Health (CDHealth).

- The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- In June 2009, the Financial Accounting Standards Board (FASB) issued an accounting standard that established the Accounting Standards Codification (the Codification or ASC) to become the single source of authoritative accounting principles. The standard also provides the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. generally accepted accounting principles. All guidance contained in the Codification carries an equal level of authority. The Codification is not intended to change generally accepted accounting principles, but is expected to simplify accounting research by reorganizing current generally accepted accounting principles into specific accounting topics. CDH adopted this accounting standard in 2010. The adoption of this accounting standard, which was subsequently codified in ASC Topic 105, *Generally Accepted Accounting Principles*, had no impact on CDH's results of operations, financial position, and liquidity.
- The statements of operations and changes in net assets include revenue and gains in excess of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenue and expenses. Transactions incidental to the provision of patient care services are reported as gains and losses. Changes in unrestricted net assets that are excluded from revenue and gains in excess of expenses and losses, consistent with industry practice, include changes in net unrealized gains and losses on other-than-trading securities and permanent transfers of assets to and from affiliates for other than goods and services.
- Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors and policy discounts. Retroactive adjustments arising under third-party reimbursement programs are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.
- Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying balance sheets. Investment return (including realized gains and losses on investments, interest, and dividends) is included in revenue and gains in excess of expenses and losses in the accompanying statements of operations and changes in net assets unless the income or loss is restricted by donors, in which case the investment return is recorded directly to temporarily or permanently restricted net assets. Changes in net unrealized gains and losses on investments is excluded from revenue and gains in excess of expenses

# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

and losses unless the investments are trading securities. A decline in the market value of any other-than-trading security below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value. The impairment is included in nonoperating losses and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, CDH considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the investee.

- On July 1, 2008, CDH adopted the provisions of ASC Subtopic 820-10, *Fair Value Measurements*, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Subtopic 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 7).
- On July 1, 2009, CDH adopted the provisions of ASC Topic 820 related to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis.
- Effective July 1, 2008, CDH adopted the provisions of ASC Topic 825-10, *The Fair Value Option for Financial Assets and Financial Liabilities*. ASC Topic 825-10 gives CDH the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. CDH management did not elect to measure any additional eligible financial assets or financial liabilities at fair value and as a result, adoption of ASC Topic 825-10 did not have an effect on the results of operations or financial position of CDH.
- Assets whose use is limited include assets set aside by the board of directors for investment over which the board retains control and may use at its discretion subsequently for other purposes.
- Land, buildings, and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of depreciable assets using the straight-line method. Net interest cost incurred on CDHealth borrowed funds during the period of construction of significant capital assets is capitalized as a component of the cost of acquiring those assets.
- Inventories consist primarily of supplies and are stated at the lower of cost (first-in, first-out) or market.



# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

- Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unrestricted contributions are reported as nonoperating gains. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restriction. Net assets released from restriction for operating purposes are included with other revenue. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.
- Cash and cash equivalents include demand deposits with financial institutions, interest-bearing accounts at banks, overnight sweep investments, certain money market fund investments, and certain fixed income securities with maturities at date of purchase of three months or less. Cash and cash equivalents are primarily maintained with one financial institution.
- CDH is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.
- Provisions for unrelated business income taxes of \$4,350 and \$2,554 for the years ended June 30, 2010 and 2009, respectively, are included in net nonoperating gains and losses in the statements of operations and changes in net assets.
- CDH incurs expenses for the provision of healthcare services and related general and administrative activities.
- Certain 2009 amounts have been reclassified to conform to the 2010 financial statement presentation.

### (2) Net Patient Service Revenue

CDH has agreements with third-party payors that provide for payments to CDH at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

*Medicare* – Inpatient acute care, outpatient, psychiatric and home health services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. CDH's classification of patients under the prospective payment systems and the appropriateness of the patients' admissions are subject to validation reviews.

CDH's Medicare reimbursement reports through June 30, 2007 have been audited by the Medicare fiscal intermediary.

# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

*Medicaid* – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under prospectively determined rates and fee schedules, respectively. Medicaid payment methodologies and rates for services are based on the amount of funding available to the State of Illinois Medicaid program.

The State of Illinois (the State) has enacted an assessment program to assist in the financing of its Medicaid program, which expires on June 30, 2013. Pursuant to this program, hospitals within the State are required to remit payment to the State of Illinois Medicaid program under an assessment formula approved by the Centers for Medicare & Medicaid Services (CMS). CDH has included its assessment of \$11,404 for each of the years ended June 30, 2010 and 2009 within professional fees and purchased services expense in the accompanying statements of operations and changes in net assets. The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas also approved by CMS. CDH has included its additional reimbursement of \$11,652 for each of the years ended June 30, 2010 and 2009 within net patient service revenue in the accompanying statements of operations and changes in net assets.

CDH has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to CDH under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and cost-based formulas.

Accruals for settlements with third-party payors are made based on estimates of amounts to be received or paid under the terms of the respective contracts and related settlement principles and regulations of the federal Medicare program, the State of Illinois Medicaid program, and the Blue Cross Plan of Illinois. For the years ended June 30, 2010 and 2009, the statements of operations and changes in net assets included increases in net patient service revenue of approximately \$2,555 and \$2,072, respectively, related to retroactive settlements and changes in prior year revenue estimates.

**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

**(3) Charity Care**

CDH maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated costs of these services and supplies, and equivalent service statistics. CDH also considers the difference between the cost of treating Medicaid and Medicare patients and the amounts reimbursed by Medicaid and Medicare as charity care. Since CDH does not expect payment for charity care services, charges for charity care are not recorded as revenue. In addition, CDH also reports the cost associated with services provided to the community as charity care. The following information presents the level of charity care provided during the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Charges foregone for non-Medicaid and non-Medicare patients	\$ 59,838	48,639
Excess of cost over reimbursement for services provided to Medicaid patients	13,936	18,726
Excess of cost over reimbursement for services provided to Medicare patients	35,384	29,323
Community services provided, at cost	4,399	4,520
	<u>\$ 113,557</u>	<u>101,208</u>

**(4) Concentrations of Credit Risk**

CDH grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Medicare	21%	16%
Medicaid	6	7
Managed care/commercial	47	54
Other	26	23
	<u>100%</u>	<u>100%</u>

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**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

A summary of CDH's Medicare, Medicaid, and managed care/contracted payor utilization percentages based upon gross patient service revenue is as follows:

	<u>2010</u>	<u>2009</u>
Medicare	35%	34%
Medicaid	10	8
Managed care/commercial	50	53
Other	5	5
	<u>100%</u>	<u>100%</u>

**(5) Land, Buildings, and Equipment**

Land, buildings, and equipment are stated at cost, less accumulated depreciation, as shown below:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Cost</u>	<u>Accumulated depreciation</u>
Land	\$ 1,192	—	1,195	—
Land improvements	21,560	6,827	24,122	7,175
Buildings	321,398	91,170	311,164	85,853
Building service equipment	47,901	26,592	45,220	34,232
Leasehold improvements	180	39	167	15
Major movable equipment	186,032	132,662	237,585	184,457
Construction in progress	136,173	—	45,153	—
	<u>\$ 714,436</u>	<u>257,290</u>	<u>664,606</u>	<u>311,732</u>

Construction in progress at June 30, 2010 and 2009 consists primarily of costs incurred for a new patient bed tower and other various construction and renovation projects. Significant contractual commitments outstanding at June 30, 2010 on the CDH construction projects approximate \$60,503.

Interest cost incurred on CDHealth debt is capitalized as a component cost of significant capital projects, net of any interest income earned on unexpended project-specific borrowed funds. During the years ended June 30, 2010 and 2009, CDH capitalized \$6,696 and \$749 of interest cost, respectively. Gross interest cost capitalized in 2010 was \$7,314, which was offset by \$618 of investment income on borrowed funds held by the trustee.

CDH evaluates long-lived assets for impairment on an annual basis. Long-lived assets are considered to be impaired whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. Included in depreciation for the year ended June 30, 2009 is \$4,043 related to the impairment of certain equipment. No impairments of long-lived assets were recognized in 2010.

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**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

**(6) Assets Whose Use is Limited**

Assets whose use is limited by the board of directors are held for CDH by CDHealth. The assets held by CDHealth are commingled in an investment pool, which is comprised of government and agency obligations, corporate bonds and notes, money market funds, mutual funds, and common stocks.

CDH reports investments in equity securities with readily determinable fair values and all investments in debt securities and mutual funds at fair value. A summary of the composition of CDH's investment portfolio, all of which is reported in the accompanying balance sheets as assets whose use is limited, is as follows:

	<u>2010</u>	<u>2009</u>
Corporate bonds and notes	\$ 236,642	198,464
Government and agency securities	13,252	2,340
Mutual funds and common stocks	65,360	57,640
Short-term securities and money market funds	28,037	91,663
	<u>\$ 343,291</u>	<u>350,107</u>

The composition of investment return on CDH's investment portfolio for the years ended June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 9,956	10,660
Net realized gains (losses) on sale or impairment of investments	1,642	(804)
Change in net unrealized gains and losses during the holding period	6,238	(14,981)
	<u>\$ 17,836</u>	<u>(5,125)</u>

**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

Included in net realized gains (losses) on sale or impairments of investments is \$2,126 for the impairment of investments due to reductions considered to be other-than-temporary declines in fair value for the year ended June 30, 2009. No impairments of investments were recognized in 2010. Changes in net unrealized gains and losses during the holding period are included with nonoperating gains and losses for that portion of CDH's investment portfolio that management has designated as trading securities. All other changes in unrealized gains and losses during the holding period are attributable to other-than-trading securities and, accordingly, are excluded from the determination of revenue and gains in excess of expenses and losses. Investment returns are included in the accompanying statements of operations and changes in net assets for the years ended June 30, 2010 and 2009 as follows:

	2010	2009
Nonoperating gains and losses – investment return	\$ 16,942	(12,578)
Other changes in unrestricted net assets – change in net unrealized gains and losses on other-than-trading securities	894	7,453
	\$ 17,836	(5,125)

Gross unrealized losses on other-than-trading investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2010 and 2009, were as follows:

		2010					
		Less than 12 months		12 months or longer		Total	
		Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate bonds and notes	\$	7,250	(1,012)	936	(8)	8,186	(1,020)
Total	\$	7,250	(1,012)	936	(8)	8,186	(1,020)
		2009					
		Less than 12 months		12 months or longer		Total	
		Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate bonds and notes	\$	18,011	(114)	2,598	(188)	20,609	(302)
Total	\$	18,011	(114)	2,598	(188)	20,609	(302)

The decline in fair value of corporate bonds and notes during 2010 and 2009 is primarily attributable to changes in interest rates and market assessments of credit quality. CDH has the intent and ability to hold these investments until a market price recovery or maturity, and therefore, these investments are not considered other-than-temporarily impaired.

CENTRAL DUPAGE HOSPITAL ASSOCIATION

Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

(7) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by CDH in estimating the fair value of its financial instruments:

- The carrying amount reported in the balance sheets for the following approximates fair value because of the short maturities of these instruments: Cash and cash equivalents, accounts payable and accrued expenses, and estimated third-party payor settlements.
- Assets whose use is limited: Fair values are estimated based on prices provided by its investment managers, custodian banks, and valuations provided by an independent investment reporting service. Common stocks, quoted mutual funds, and direct U.S. government obligations are measured using quoted market prices at the reporting date multiplied by the quantity held. Corporate bonds, notes, certain American Depository Receipts, and U.S. agency securities are measured using other observable inputs. The carrying value approximates fair value.

(b) Fair Value Hierarchy

CDH adopted ASC Subtopic 820-10 on July 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CDH has the ability to access at the measurement date. Level 1 assets include cash and cash equivalents, common stocks, quoted mutual funds, and direct U.S. government obligations.
- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include corporate bonds, notes, American Depository Receipts and U.S. agency securities, and nonquoted mutual funds.
- Level 3 inputs are unobservable inputs for the asset or liability. CDH had no Level 3 assets as of June 30, 2010 and 2009.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**CENTRAL DUPAGE HOSPITAL ASSOCIATION**

Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2010:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 35,815	35,815	—	—
Assets whose use is limited	343,291	80,118	263,173	—
<b>Total</b>	<b>\$ 379,106</b>	<b>115,933</b>	<b>263,173</b>	<b>—</b>

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2009:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 22,345	22,345	—	—
Assets whose use is limited	350,107	149,264	200,843	—
<b>Total</b>	<b>\$ 372,452</b>	<b>171,609</b>	<b>200,843</b>	<b>—</b>

**(8) Long-term Debt Commitments**

CDHealth and CDH, collectively referred to as the Obligated Group, entered into a Master Trust Indenture dated as of May 1, 2000. The purpose of the Master Trust Indenture is to provide a mechanism to be able to issue promissory notes and other evidences of indebtedness in order to secure the financing or refinancing of facilities and for other lawful proper corporate purposes. The Master Trust Indenture provides for other legal entities in the future to participate with CDHealth and CDH in a Credit Group for the payment of obligations and the performance of all covenants contained therein. The Credit Group consists of the Obligated Group and any affiliate CDHealth designates as a Credit Group member. The Master Trust Indenture requires individual members of the Obligated Group to make principal and interest payments on notes issued for their benefit. The Master Trust Indenture also requires Credit Group members to make payments on notes issued by other members of the Credit Group if such other members are unable to satisfy their obligations under the Master Trust Indenture. No other CDHealth affiliates are



# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

currently designated as Credit Group members. The Obligated Group pledged a security interest in its unrestricted receivables as collateral on borrowings under the Master Trust Indenture.

As of June 30, 2010 and 2009, CDHealth had obligations and other commitments outstanding under the Master Trust Indenture aggregating \$497,529 and \$516,404, respectively, net of unamortized discounts and premiums. CDH has not paid or accrued any amounts as of June 30, 2010 or 2009 pursuant to these obligations. Total assets and net assets of the Obligated Group as of June 30, 2010 and 2009 approximated \$1,722,459 and \$1,569,506, respectively. Cash and marketable investments represent approximately 47% and 54% of the total assets of Obligated Group members as of June 30, 2010 and 2009, respectively.

### (9) Employees' Retirement Plans

CDHealth sponsors a defined contribution retirement plan (the Plan), which covers substantially all CDH employees. The Plan is a money purchase defined contribution plan qualified under Section 401 of the Code. Other significant provisions of the Plan are as follows:

- **Contributions** – CDH contributes 5% of qualified employees' gross annual earnings into each participant's plan account. Employee contributions to the Plan are not permitted. The contribution percentage is subject to change. CDH funds the Plan annually for the Plan year ended December 31.
- **Qualification** – To qualify for the Plan, employees must complete one year of employment, be at least 21 years of age, and provide a minimum of 1,000 hours of annual service.
- **Vesting** – Prior to January 1, 2002, employees vested in the Plan over a seven-year period. As of January 1, 2002, the vesting period was reduced to a six-year period. Forfeited employer contributions revert back to CDH.

CDHealth and participating affiliates, including CDH, also sponsor a matched savings plan under Section 403(b) of the Code (the 403(b) Plan). The 403(b) Plan is a defined contribution plan and significant provisions of the 403(b) Plan are as follows:

- **Contributions** – Employees contribute to the 403(b) Plan through salary reductions specified in the participant's salary reduction agreement. CDHealth and affiliates, at their sole discretion, may make matching contributions to the 403(b) Plan equal to a defined percentage of the participant's contributions for participants who have earned one year of service.
- **Qualification** – Employees employed on July 1, 1999 were immediately eligible to participate in the 403(b) Plan. An employee hired after July 1, 1999 and before the 15th day of the month in which they were hired become eligible to participate in the 403(b) Plan on the first day of the month after the employee has earned one hour of service.

# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

- **Vesting** – Employees are fully vested in their participant contributions to the 403(b) Plan. Prior to January 1, 2002, employer contributions vested over a seven-year period. As of January 1, 2002, the vesting period was reduced to a six-year period. Forfeited employer contributions revert back to CDHealth and its affiliates.

CDH makes contributions to the Plan and the 403(b) Plan equal to amounts accrued for pension expense. CDH recognized pension expense of \$6,604 and \$6,107 in 2010 and 2009, respectively, for the Plan, and \$2,159 and \$1,902 in 2010 and 2009, respectively, for the 403(b) Plan.

### (10) Self-insurance

#### *Professional and General Liability*

Effective April 16, 1979, CDH entered into a contractual agreement with the Illinois Provider Trust (IPT), a self-insurance administrator which, through its risk-sharing provisions, provided CDH with insurance coverage for medical, professional, and comprehensive general liability exposure. CDH ceased participation in IPT effective July 1, 1999. CDH had obtained various levels of primary and excess insurance coverage from IPT on an occurrence basis while a participant in the program prior to July 1, 1999. IPT is a multi-hospital trust formed pursuant to the provisions of the Illinois Religious and Charitable Risk Pooling Act. Hospitals participating in IPT are obligated to make additional contributions necessary for maintaining trust assets at a level adequate to support anticipated disbursements as defined in the trust agreement. This obligation continues beyond the period of participation in the trust.

For the period July 1, 1999 through August 12, 2002, CDH obtained coverage from commercial insurance carriers for all professional and general liability claims. For the period July 1, 1999 through August 12, 2001 coverage was occurrence based and for the period August 13, 2001 through August 12, 2002, such coverage was on a claims-made basis. The commercial carrier, which provided coverage for the period July 1, 1999 through June 30, 2000 is insolvent and CDH does not expect the carrier to be able to pay claims for contracted coverage limits. Effective August 13, 2002, CDH elected to again participate in the IPT. Professional liability coverage, as well as excess coverage obtained from the IPT, was on a claims-made basis whereas general liability continued on an occurrence basis.

As of January 1, 2006, CDH terminated its participation in the IPT and became self-insured for all its professional and general liability claims made on or subsequent to that date. CDH has procured excess liability coverage from commercial carriers on a claims-made basis to insure those claims that may exceed a stated self-insured retention amount. A self-insurance trust fund is maintained for anticipated claims that may be payable from the retained amount based on an actuarial review of historical and industry claims patterns. CDH utilizes the services of a professional consultant for actuarial evaluations of self-insured funding requirements. CDH has designated attorneys to handle legal matters relating to medical, professional, and comprehensive general liability matters.

# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

CDHealth administers the self-insured professional and general liability program on behalf of CDH, and allocates a provision to CDH for the ultimate cost of claims reported that fall within the self-insured retention, claims that are not insured, and estimates of claims incurred but not reported as of the respective balance sheet dates for uninsured exposures. The provisions for claims incurred but not reported at June 30, 2010 and 2009 are actuarially determined using factors including historical CDH and industry specific experience. Included in other expense are provisions of \$4,106 and \$3,718 for professional and general liability program expenses.

### *Workers' Compensation*

CDH maintains a self-insurance program for workers' compensation coverage. Accrued workers' compensation claims of approximately \$4,072 and \$2,894 at June 30, 2010 and 2009, respectively, are included with other accrued liabilities in the accompanying balance sheets. The provisions for claims incurred but not reported at June 30, 2010 and 2009 are actuarially determined using factors including CDH's historical and industry-specific experience. Provisions for self-insured workers' compensation claims of \$4,031 in 2010 and \$2,974 in 2009 are included in employee benefits expense as the best estimate of workers' compensation insurance cost. Coverage from commercial insurance carriers is maintained for claims in excess of self-insured retention levels. There are no assurances that CDH will be able to renew existing policies or procure coverage on similar terms in the future.

### *Healthcare*

CDH also has a program of self-insurance for employee healthcare coverage. Accrued health claims of approximately \$2,108 and \$1,699 at June 30, 2010 and 2009, respectively, are included with other accrued liabilities in the accompanying balance sheets. Provisions for self-insured employee healthcare claims amounted to \$16,381 in 2010 and \$11,636 in 2009. Stop-loss reinsurance coverage is maintained for claims in excess of stop-loss limits.

Beginning January 1, 2010 CDH, became self-insured for employee dental coverage. Accrued dental claims of approximately \$81 at June 30, 2010 are included with other accrued liabilities in the accompanying consolidated balance sheet. Provisions for self-insured employee dental claims amounted to \$514 for the year ended June 30, 2010.

### (11) CDHealth

CDHealth was incorporated during 1980 as a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income tax on related income pursuant to Section 501(a) of the Code. Through authority to approve board membership, stock ownership, and certain reserve powers, CDHealth serves as the parent corporation for the following: CDH, Central DuPage Physician Group (CDPG), Community Nursing Service of DuPage County, Inc., DuPage Health Services, Inc., Wyndemere Retirement Community (Wyndemere), PAHCS II, Wynscape Nursing and Rehabilitation Center (Wynscape), Central DuPage Special Health Association, and Central DuPage Health Foundation. During March 2010, CDHealth sold substantially all the assets and business operations of Wyndemere and Wynscape.

# CENTRAL DUPAGE HOSPITAL ASSOCIATION

## Notes to Financial Statements

June 30, 2010 and 2009

(In thousands)

CDH made equity transfers of \$30,000 and \$15,000 in 2010 and 2009, respectively, to CDHealth. In addition, CDH purchases certain management and administrative services from CDHealth and CDPG. These services amounted to \$44,539 in 2010 and \$42,190 in 2009, and are included with departmental expenses. Management fees are assessed based on a fixed percentage of CDH's budgeted net patient service revenue.

Amounts due from related parties are recorded in other receivables and amounted to \$11,202 and \$12,126 at June 30, 2010 and 2009, respectively. Amounts due from and owed to related parties are due on demand.

### (12) Commitments and Contingencies

#### *Litigation*

CDH is involved in litigation arising in the normal course of business. In consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on CDH's financial position or results from operations.

#### *Regulatory Investigations*

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers. CDH is subject to these regulatory efforts. Management is currently unaware of any regulatory matters that will result in a material adverse effect on CDH's financial position or results from operations.

### (13) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with the recently issued ASC Topic 855, *Subsequent Events*, CDH evaluated subsequent events after the balance sheet date of June 30, 2010 through September 23, 2010, which was the date the financial statements were available to be issued, and determined there were no other items to be disclosed.



**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Consolidated Financial Statements and  
Supplementary Information

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)



KPMG LLP  
303 East Wacker Drive  
Chicago, IL 60601-5212

## Independent Auditors' Report

The Boards of Directors  
Central DuPage Health and Affiliates:

We have audited the accompanying consolidated balance sheets of Central DuPage Health and Affiliates (the Corporations) as of June 30, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporations as of June 30, 2010 and 2009, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information included in schedules 1 through 3 is presented for purposes of additional analysis of the 2010 consolidated financial statements rather than to present the financial position, results of operations, and changes in net assets of the individual corporations. The 2010 consolidating information has been subjected to the auditing procedures applied in the audit of the 2010 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 consolidated financial statements taken as a whole.

**KPMG LLP**

September 23, 2010

ATTACHMENT 39

**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Consolidated Balance Sheets

June 30, 2010 and 2009

(In thousands)

Assets	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 43,380	28,137
Receivables:		
Patient accounts, less allowance for doubtful accounts of \$31,828 in 2010 and \$27,046 in 2009	73,420	78,474
Estimated receivables under third-party reimbursement programs and other	30,757	25,938
Inventories	1,610	2,562
Prepaid expenses	15,335	10,819
Total current assets	<u>164,502</u>	<u>145,930</u>
Assets whose use is limited or restricted:		
By board for investment	797,573	835,348
Self-insurance trust	23,244	20,662
Held by trustee under debt agreements	114,753	62,966
Under Lifecare Act – held in escrow	—	2,079
Donor restricted	10,035	9,105
Total assets whose use is limited or restricted	<u>945,605</u>	<u>930,160</u>
Land, buildings, and equipment, net of accumulated depreciation and amortization	<u>562,305</u>	<u>497,879</u>
Other assets:		
Notes and advances receivable	50,619	43,819
Retirement plan assets	4,376	3,354
Deferred finance charges and other assets	36,412	28,382
Total other assets	<u>91,407</u>	<u>75,555</u>
Total assets	<u>\$ 1,763,819</u>	<u>1,649,524</u>

**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Consolidated Balance Sheets

June 30, 2010 and 2009

(In thousands)

Liabilities and Net Assets	2010	2009
Current liabilities:		
Current installments of long-term debt	\$ 3,110	6,431
Accounts payable	35,015	30,068
Accrued liabilities:		
Salaries and wages	38,488	38,325
Pension	4,209	4,594
Interest	3,282	1,141
Other	87,293	78,066
Estimated payables under third-party reimbursement programs	63,904	56,536
Total current liabilities	235,301	215,161
Long-term debt, excluding unamortized net bond discount and current installments	469,391	496,949
Construction payables	19,212	11,118
Retirement plan liabilities	4,376	3,264
Other	2,788	—
Deferred revenue from entrance fees	—	43,642
Total liabilities	731,068	770,134
Net assets:		
Unrestricted	1,022,716	870,285
Temporarily restricted	5,412	4,745
Permanently restricted	4,623	4,360
Total net assets	1,032,751	879,390
Commitments and contingent liabilities		
Total liabilities and net assets	\$ 1,763,819	1,649,524

See accompanying notes to consolidated financial statements.



**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Consolidated Statements of Operations

Years ended June 30, 2010 and 2009

(In thousands)

	<u>2010</u>	<u>2009</u>
Net patient service revenue	\$ 650,085	627,109
Other revenue	26,022	19,568
Total revenue	<u>676,107</u>	<u>646,677</u>
Expenses:		
Salaries and wages	233,229	222,476
Employee benefits	57,990	49,252
Professional fees and purchased services	74,389	86,764
Supplies	99,563	93,982
Interest	12,153	9,418
Depreciation and amortization	48,003	49,055
Provision for uncollectible accounts	41,120	35,251
Other	39,854	38,703
Total expenses	<u>606,301</u>	<u>584,901</u>
Revenue in excess of expenses	69,806	61,776
Nonoperating gains and losses:		
Investment return, unrestricted contributions, and other, net	32,700	(23,534)
Revenue and gains in excess of expenses and losses before discontinued operations	102,506	38,242
Income from discontinued operations (including gain on sale of \$43,199 in 2010)	44,388	1,185
Revenue and gains in excess of expenses and losses	146,894	39,427
Other changes in unrestricted net assets:		
Change in net unrealized gains and losses on other-than-trading securities	5,380	11,395
Joint venture equity transactions	157	183
Increase in unrestricted net assets	<u>\$ 152,431</u>	<u>51,005</u>

See accompanying notes to consolidated financial statements.

**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2010 and 2009

(In thousands)

	<u>2010</u>	<u>2009</u>
Increase in unrestricted net assets	\$ 152,431	51,005
Temporarily restricted net assets:		
Contributions for specific purposes	891	2,242
Investment return	13	(15)
Net assets released from restriction and used for operations	<u>(237)</u>	<u>(279)</u>
Increase in temporarily restricted net assets	<u>667</u>	<u>1,948</u>
Permanently restricted net assets:		
Contributions to be held in perpetuity	72	301
Investment return	<u>191</u>	<u>(573)</u>
Increase (decrease) in permanently restricted net assets	<u>263</u>	<u>(272)</u>
Change in net assets	153,361	52,681
Net assets at beginning of year	<u>879,390</u>	<u>826,709</u>
Net assets at end of year	<u>\$ 1,032,751</u>	<u>879,390</u>

See accompanying notes to consolidated financial statements.

**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Consolidated Statements of Cash Flows

Years ended June 30, 2010 and 2009

(In thousands)

	2010	2009
Cash flows from operating activities and gains and losses:		
Change in net assets	\$ 153,361	52,681
Adjustments to reconcile change in net assets to net cash provided by operating activities and gains and losses:		
Income from discontinued operations	(44,388)	(1,185)
Gain on repurchase and cancellation of long-term debt	(4,118)	—
Loss on write-off of deferred finance charges	1,181	—
Depreciation and amortization	46,822	49,055
Amortization of net bond discount	47	14
Provision for uncollectible accounts	41,120	35,251
Change in net unrealized gains and losses on investments	(15,853)	29,629
Other-than-temporary impairments of investments	—	3,945
Net (gain) loss on sale of land, buildings, and equipment	(648)	35
Joint venture equity transactions	(157)	(183)
Permanently restricted contributions and investment return	(263)	272
Equity earnings in joint ventures, net of cash distributions received	(305)	(1,355)
Changes in assets and liabilities:		
Receivables, net	(40,885)	(40,131)
Inventories and prepaid expenses	(3,564)	(2,184)
Accounts payable and accrued liabilities	18,881	23,324
Estimated payables under third-party reimbursement programs	7,368	8,958
Retirement plan liabilities, net of retirement plan assets	90	(35)
Net cash provided by operating activities and gains and losses	158,689	158,091
Net cash provided by discontinued operating activities	1,927	7,565
Cash flows from investing activities:		
Net proceeds from sale of discontinued operations	31,128	—
Net change in assets whose use is limited or restricted	408	(103,854)
Acquisition of land, buildings, and equipment	(146,398)	(94,838)
Proceeds on sale of land, buildings, and equipment	826	66
Change in construction payables	8,094	5,481
ProCure joint venture investment and note receivable	—	(50,000)
Net change in other assets	(14,368)	(3,062)
Net cash used in investing activities	(120,310)	(246,207)
Net cash used in discontinued investing activities	—	(2,191)
Cash flows from financing activities:		
Repayment of long-term debt	(205,869)	(8,543)
Repurchase and cancellation of long-term debt	(64,507)	—
Proceeds from issuance of long-term debt	243,578	89,793
Payments for deferred financing costs	(2,508)	(1,384)
Permanently restricted contributions and investment return	263	(272)
Net cash (used in) provided by financing activities	(29,043)	79,594
Net cash provided by (used in) discontinued financing activities	3,980	(3,384)
Net change in cash and cash equivalents	15,243	(6,532)
Cash and cash equivalents at beginning of year	28,137	34,669
Cash and cash equivalents at end of year	\$ 43,380	28,137
Supplemental disclosure of cash flow information:		
Cash paid for interest on continuing operations, net of amounts capitalized	\$ 12,153	10,041
Cash paid for interest on discontinued operations	110	932

See accompanying notes to consolidated financial statements.

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# CENTRAL DUPAGE HEALTH AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

### (1) Central DuPage Health and Affiliates

Central DuPage Health (CDHealth) was incorporated to promote and encourage health and human services in the communities it serves. The accompanying consolidated financial statements include the accounts of CDHealth and the following affiliates (collectively referred to as the Corporations) for which it serves as the parent corporation through ownership, sole voting membership, the authority to approve board membership, or the holding of certain reserve powers:

- Central DuPage Hospital Association (CDH), a not-for-profit acute care hospital. CDH provides inpatient, outpatient, and emergency care for residents in the surrounding area.
- Central DuPage Physician Group (CDPG), a not-for-profit corporation that contracts with licensed physicians to provide medical services to patients, hospitals, affiliated group practices, or other medical care facilities.
- Community Nursing Service of DuPage County, Inc. d/b/a CNS Home Health (CNS), a not-for-profit corporation that provides home healthcare and hospice services.
- DuPage Health Services, Inc. (DHSI), a wholly owned for-profit subsidiary of CDHealth. DHSI provides various business activities in furtherance of the interests of DHSI and the CDHealth healthcare delivery system.
- PAHCS II, d/b/a Central DuPage Business Health, a not-for-profit corporation that operates a business dedicated to the advancement and promotion of health for employees of companies within the communities served by CDHealth and its affiliates.
- Central DuPage Special Health Association (Special Health), a corporation that operates a pharmaceutical distribution center serving the Corporations and their patients.
- Central DuPage Health Foundation (Foundation), a not-for-profit corporation that promotes and supports patient-centered services and programs of CDHealth and its affiliates.

During 2010, CDHealth completed the sale of its senior care and living facilities (note 10).

All significant intercompany balances and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

CDHealth, CDH, CDPG, CNS, PAHCS II, Special Health, and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

### (2) Summary of Significant Accounting Policies

The following accounting policies, all of which conform to general practice within the healthcare industry, are utilized in presenting the consolidated financial statements:

- The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts

## CENTRAL DUPAGE HEALTH AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

- In June 2009, the Financial Accounting Standards Board (FASB) issued an accounting standard that established the Accounting Standards Codification (the Codification or ASC) to become the single source of authoritative accounting principles. The standard also provides the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. generally accepted accounting principles. All guidance contained in the Codification carries an equal level of authority. The Codification is not intended to change generally accepted accounting principles, but is expected to simplify accounting research by reorganizing current generally accepted accounting principles into specific accounting topics. The Corporations adopted this accounting standard in 2010. The adoption of this accounting standard, which was subsequently codified in ASC Topic 105, *Generally Accepted Accounting Principles*, had no impact on the Corporations' results of operations, financial position, or liquidity.
- The consolidated statements of operations include revenue and gains in excess of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Transactions incidental to the provision of patient care services are reported as gains and losses. Changes in unrestricted net assets, which are excluded from revenue and gains in excess of expenses and losses, consistent with industry practice, include unrealized gains and losses on other-than-trading investment securities, equity transactions of unconsolidated joint ventures, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).
- The Corporations account for discontinued operations under ASC guidance surrounding accounting for the impairment or disposal of long-lived assets. The guidance requires that a component entity that has been disposed of or is classified as held-for-sale and has operations and cash flows that can be clearly distinguished from the rest of the entity be reported as discontinued operations. In the period that a component entity has been disposed of or is classified as held-for-sale, the results of operations for current and prior periods are reclassified to discontinued operations in the accompanying consolidated statements of operations.
- Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors and policy discounts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.
- Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investments in a private equity real estate fund and a hedge fund of funds are reported at cost. Investment return (including realized gains and losses on investments, interest, and dividends) is included in revenue and gains in excess of expenses and losses unless the income or loss is temporarily or permanently restricted by donors, in which case the investment return is recorded directly to temporarily or permanently

## CENTRAL DUPAGE HEALTH AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

restricted net assets. Changes in net unrealized gains and losses on investments are excluded from revenue and gains in excess of expenses and losses unless the investments are trading securities. A decline in the market value of any other-than-trading security below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value. The impairment is included in nonoperating losses and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, the Corporations consider whether they have the ability and intent to hold the investment until a market price recovery and consider whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the investee.

- On July 1, 2008, the Corporations adopted the provisions of ASC Subtopic 820-10, *Fair Value Measurements*, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Subtopic 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 7).
- On July 1, 2009, the Corporations adopted the provisions of ASC Topic 820 related to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the consolidated financial statements on a nonrecurring basis.
- Effective July 1, 2008, the Corporations adopted the provisions of ASC Topic 825-10, *The Fair Value Option for Financial Assets and Financial Liabilities*. ASC Topic 825-10 gives the Corporations the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The Corporations' management did not elect to measure any additional eligible financial assets or financial liabilities at fair value, and as a result, adoption of ASC Topic 825-10 did not have an effect on the results of operations or financial position of the Corporations.
- Assets whose use is limited or restricted include: assets set aside by the Boards of Directors (the Boards) for investment purposes, over which the Boards retain control and may at their discretion subsequently use for any other purpose; assets held by a trustee under the self-insured professional and general liability program; assets held by trustees under the terms of bond indentures and lifecare residency agreements; and all donor-restricted investments.
- The Corporations account for derivatives and hedging activities in accordance with ASC Topic 815, *Accounting for Derivative Instruments and Certain Hedging Activities*, as amended, which requires that all derivative instruments be recorded on the consolidated balance sheets at their respective fair values.
- Land, buildings, and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of depreciable assets using the straight-line method. Amortization of leasehold improvements is over the shorter of the useful lives of the assets or the respective lease terms. Net

## CENTRAL DUPAGE HEALTH AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

interest cost incurred on borrowed funds during the period of construction of significant capital assets is capitalized as a component of the cost of acquiring those assets.

- Inventories consist primarily of supplies and are stated at the lower of cost (first-in, first-out) or market.
- Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Temporarily restricted net assets at June 30, 2010 and 2009 principally represent amounts restricted for the purpose of acquiring long-lived assets or for operations.
- Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unrestricted contributions are reported as nonoperating gains. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restriction. Net assets released from restriction for operating purposes are included with other revenue. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.
- In August 2008, FASB issued ASC Topic 958, *Endowments for Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), and Enhanced Disclosures for All Endowment Funds*. ASC Topic 958 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. ASC Topic 958 also enhances disclosures related to both donor-restricted and board-designated endowment funds, whether or not the organization is subject to UPMIFA (note 15).
- Cash and cash equivalents include demand deposits, interest-bearing accounts at banks, overnight sweep investments, certain money market fund investments, and certain fixed income securities with maturities at date of purchase of three months or less.
- The Corporations incur expenses for the provision of health care services and related general and administrative activities.
- Provisions for unrelated business income taxes of \$3,840 and \$2,335 for the years ended June 30, 2010 and 2009, respectively, are included within net nonoperating losses in the consolidated statements of operations.
- Certain 2009 amounts have been reclassified to conform to the 2010 consolidated financial statement presentation.

# CENTRAL DUPAGE HEALTH AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

### (3) Net Patient Service Revenue

The Corporations have agreements with third-party payors that provide for payments at amounts different from their established rates. A summary of the payment arrangements with major third-party payors is as follows:

*Medicare* – Inpatient acute care, outpatient, and home health services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. The Corporations' classification of patients under the prospective payment systems and the appropriateness of the patients' admissions is subject to validation reviews.

The Corporations are reimbursed for certain other services and costs based upon cost reimbursement methodologies. The Corporations are reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Corporations and audits thereof by the Medicare fiscal intermediary. The Corporations' Medicare reimbursement reports through June 30, 2007 have been audited by the Medicare fiscal intermediary.

*Medicaid* – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under prospectively determined rates and fee schedules, respectively. Medicaid payment methodologies and rates for services are based on the amount of funding available to the State of Illinois Medicaid program.

The State of Illinois (the State) has an assessment program to assist in the financing of its Medicaid program, which expires on June 30, 2013. Pursuant to this program, hospitals within the State are required to remit payment to the State of Illinois Medicaid program under an assessment formula approved by the Centers for Medicare & Medicaid Services (CMS). CDH has included its assessment of \$11,404 for each of the years ended June 30, 2010 and 2009 within professional fees and purchased services expense in the accompanying consolidated statements of operations. The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas also approved by CMS. CDH has included its additional reimbursement of \$11,652 for each of the years ended June 30, 2010 and 2009 within net patient service revenue in the accompanying consolidated statements of operations.

The Corporations have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and cost-based formulas.

Accruals for settlements with third-party payors are made based on estimates of amounts to be received or paid under the terms of the respective contracts and related settlement principles and regulations of the federal Medicare program, the State of Illinois Medicaid program, and the Blue Cross Plan of Illinois. For the years ended June 30, 2010 and 2009, the consolidated statements of operations included increases in



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net patient service revenue of approximately \$2,555 and \$2,072, respectively, related to retroactive settlements and changes in prior year third-party settlement estimates.

**(4) Charity Care**

CDHealth, CDH, CDPG, and CNS maintain records to identify and monitor the level of charity care they provide. These records include the amount of charges forgone for services and supplies furnished under their charity care policies, the estimated cost of these services and supplies, and equivalent service statistics. CDH and CNS also consider the difference between the cost of providing services to Medicaid and Medicare patients and residents and the amounts reimbursed by Medicaid and Medicare as charity care. Since these entities do not expect payment for charity care services, charges related to charity care services are not recorded as revenue.

In addition, these entities also report the cost associated with services provided to the community as charity care. The following information presents the level of charity care provided during the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Charges foregone for non-Medicaid and non-Medicare patients	\$ 60,788	49,324
Excess of cost over reimbursement for services provided to Medicaid patients	14,955	20,261
Excess of cost over reimbursement for services provided to Medicare patients	35,384	29,322
Community services provided, at cost	5,674	5,564
	<u>\$ 116,801</u>	<u>104,471</u>

**(5) Concentrations of Credit Risk**

The Corporations grant credit without collateral to their patients, most of whom reside locally and are generally insured under third-party payor agreements. The mix of receivables from patients, residents, and third-party payors at June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Medicare	22%	17%
Medicaid	6	7
Managed care/commercial	47	53
Other	25	23
	<u>100%</u>	<u>100%</u>

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A summary of the Corporations' Medicare, Medicaid, and managed care/contracted payor utilization percentages based upon gross patient service revenue is as follows:

	<u>2010</u>	<u>2009</u>
Medicare	35%	35%
Medicaid	10	8
Managed care/commercial	50	52
Other	5	5
	<u>100%</u>	<u>100%</u>

**(6) Investments**

Investments are reported in the accompanying consolidated balance sheets as assets whose use is limited or restricted. A summary of the composition of the Corporations' investment portfolios is as follows:

	<u>2010</u>	<u>2009</u>
Corporate bonds and notes	\$ 660,511	459,447
Government and agency securities	26,216	7,268
Mutual funds and common stocks	126,710	113,543
Alternative limited partnership investments, at cost	6,700	6,700
Short-term securities and money market funds	125,468	343,202
Total assets whose use is limited or restricted	\$ <u>945,605</u>	<u>930,160</u>

The composition of investment return on the Corporations' investment portfolios for the years ended June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 18,295	23,589
Net realized gains (losses) on sale or impairments of investments	1,410	(3,902)
Net change in unrealized gains and losses during the holding period	15,853	(29,433)
Investment return	\$ <u>35,558</u>	<u>(9,746)</u>

Included in net realized gains (losses) on sale or impairments of investments is \$3,945 for the impairment of investments due to reductions considered to be other-than-temporary declines in fair value for the year ended June 30, 2009. No impairments of investments were recognized in 2010. Changes in unrealized gains and losses during the holding period are included with nonoperating gains (losses) for that portion of the investment portfolios that management has designated as trading securities. All other changes in unrealized gains and losses during the holding period are attributable to other-than-trading securities and, accordingly, are excluded from the determination of revenue and gains in excess of expenses and losses.

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Investment returns are included in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Nonoperating gains (losses)	\$ 29,974	(20,553)
Other changes in unrestricted net assets – change in net unrealized gains and losses on other-than-trading securities	5,380	11,395
Investment return on temporarily restricted net assets	13	(15)
Investment return on permanently restricted net assets	191	(573)
Investment return	<u>\$ 35,558</u>	<u>(9,746)</u>

Gross unrealized losses on other-than-trading investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2010 and 2009 were as follows:

	2010					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate bonds and notes	\$ 139,755	(2,328)	2,705	(104)	142,460	(2,432)
Total	<u>\$ 139,755</u>	<u>(2,328)</u>	<u>2,705</u>	<u>(104)</u>	<u>142,460</u>	<u>(2,432)</u>
	2009					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate bonds and notes	\$ 95,012	(511)	16,500	(305)	111,512	(816)
Total	<u>\$ 95,012</u>	<u>(511)</u>	<u>16,500</u>	<u>(305)</u>	<u>111,512</u>	<u>(816)</u>

The decline in fair value of corporate bonds and notes during 2010 and 2009 is primarily attributable to changes in interest rates and the market's perception of credit quality. The Corporations have the intent and ability to hold these investments until a market price recovery or maturity, and therefore, these investments are not considered other-than-temporarily impaired.

**(7) Fair Value Measurements**

**(a) Fair Value of Financial Instruments**

The following methods and assumptions were used by the Corporations in estimating the fair value of its financial instruments:

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments: Cash and cash

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equivalents, accounts payable and accrued expenses, and estimated third-party payor settlements.

- Assets whose use is limited or restricted: Fair values are estimated based on prices provided by its investment managers, custodian banks, and valuations provided by an independent investment reporting service. Common stocks, quoted mutual funds, and direct U.S. government obligations are measured using quoted market prices at the reporting date multiplied by the quantity held. Corporate bonds, notes, certain American Depository Receipts, and U.S. agency securities are measured using other observable inputs. The carrying value approximates fair value.
- Interest rate swap agreements: The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of netting agreements, adjusted to reflect nonperformance risk of both the counterparty and the Corporations. The carrying value equals fair value.
- Fair value of fixed rate long-term debt is estimated based on market indications for the same or similar debt issues.

#### (b) *Fair Value Hierarchy*

The Corporations adopted ASC Subtopic 820-10 on July 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporations have the ability to access at the measurement date. Level 1 assets include cash and cash equivalents, common stock, quoted mutual funds, and direct U.S. government obligations.
- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include corporate bonds, notes, American Depository Receipts, U.S. agency securities, and nonquoted mutual funds.
- Level 3 inputs are unobservable inputs for the asset or liability. The Corporations had no Level 3 assets as of June 30, 2010 and 2009.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2010:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 43,380	43,380	—	—
Assets whose use is limited or restricted	938,905	171,589	767,316	—
Retirement plan assets	4,376	2,502	1,874	—
<b>Total</b>	<b>\$ 986,661</b>	<b>217,471</b>	<b>769,190</b>	<b>—</b>
<b>Liabilities:</b>				
Interest rate derivatives	\$ 25,028	—	25,028	—

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2009:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 28,137	28,137	—	—
Assets whose use is limited or restricted	923,460	440,231	483,229	—
Retirement plan assets	3,354	1,558	1,796	—
<b>Total</b>	<b>\$ 954,951</b>	<b>469,926</b>	<b>485,025</b>	<b>—</b>
<b>Liabilities:</b>				
Interest rate derivatives	\$ 18,975	—	18,975	—

**(c) Alternative Investments**

The Corporations evaluate investments carried under the cost method of accounting for impairment on an annual basis. These investments are considered to be impaired whenever events or changes in

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circumstances indicate the carrying amount of an investment may not be recoverable from future cash flows. Recoverability of these investments is measured by a comparison of the carrying amount of an investment to future cash flows expected to be generated by the investment. When such investments are considered to be impaired, the impairment loss recognized is measured by the amount by which the carrying value of the investment exceeds the fair value of the investment. The Corporations did not recognize any impairment charges during 2010 related to cost basis investments and recognized an impairment charge of \$1,300 during 2009 related to cost basis investments. The carrying and estimated fair value of cost basis investments at June 30, 2010 and 2009 were \$6,700 and \$6,197, and \$6,700 and \$5,774, respectively. Fair value of alternative investments is based on the Corporations proportionate interest in the net asset value of the respective investment.

### (8) Derivative Instruments

The Corporations have entered into interest rate related derivative instruments to manage exposure on debt instruments. By using derivative financial instruments to hedge exposures to changes in interest rates, the Corporations are exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes the Corporations, which creates credit risk for the Corporations. When the fair value of a derivative contract is negative, the Corporations owe the counterparty, and therefore, it does not possess credit risk. The Corporations minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. The Corporations' management also mitigates risk through periodic reviews of its derivative positions in the context of their total blended cost of capital.

In an effort to lower its overall cost of capital on long-term debt, the Corporations maintain two interest rate swap agreements, which have the effect of changing the variable rate on a portion of the long-term debt to a fixed rate. The notional amounts under the interest rate swap agreements are reduced over the term of the agreements. Under the first agreement, the Corporations receive 67% of three-month USD-LIBOR-BBA on a notional amount of \$65,000 every month and make payments at an annual fixed rate of 3.518% through November 1, 2038. This agreement gives the swap counterparty a one-time option to cancel the swap at fair value on November 1, 2017, after which, if unexercised, the swap will remain outstanding through its stated expiration. Under the second agreement, the Corporations receive 67% of three-month USD-LIBOR-BBA on a notional amount of \$65,000 every month and make payments at an annual fixed rate of 3.818% through November 1, 2038. Under both swap agreements, the Corporations retain the right to cancel either or both in whole or in part at any time for cash at settlement value.

The interest rate swap agreements were not designated as cash flow hedge instruments by the Corporations, and therefore, changes in the fair value of the interest rate swap agreements of \$(6,053) for 2010 and \$(9,213) for 2009 were recognized as losses within nonoperating gains – investment return, unrestricted contributions, and other, net in the accompanying consolidated statements of operations. The fair value of the interest rate swap agreements are liabilities of \$25,028 and \$18,975 at June 30, 2010 and 2009, respectively, which are included with other accrued liabilities in the accompanying consolidated balance sheets. Any termination payment that could become payable to the swap counterparty if the swaps

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are terminated is secured by an obligation that is equally and ratably secured by the Master Trust Indenture with all other obligations (note 12). Total net payments made by the Corporations under the swap agreements totaled \$4,469 and \$3,065 in 2010 and 2009, respectively, and are reported within interest expense.

**(9) Investment in Joint Ventures**

The Corporations have joint venture and operating partnership investment interests in ambulatory surgical facilities, fitness centers, and other health-related businesses that are accounted for using the equity method. The following is a summary of financial information as of and for the years ended June 30, 2010 and 2009 relating to equity method joint ventures:

	2010	2009
Current assets	\$ 11,212	10,460
Current liabilities	6,004	5,643
Working capital	5,208	4,817
Property and equipment, net	34,061	34,843
Other long-term assets	373	304
Long-term liabilities	12,541	14,433
Net assets	\$ 27,101	25,531
Revenues	\$ 30,068	31,891
Expenses	24,462	26,818
Excess of revenues over expenses	\$ 5,606	5,073

The carrying value of equity method joint venture investments of \$10,102 and \$9,642 at June 30, 2010 and 2009, respectively, is included with deferred finance charges and other assets in the accompanying consolidated balance sheets. Net equity earnings from these investments amounted to \$2,025 and \$3,137 in 2010 and 2009, respectively, and are included with net nonoperating gains in the accompanying consolidated statements of operations. The Corporations received cash distributions from such joint ventures of \$1,720 and \$1,782 for the years ended June 30, 2010 and 2009, respectively.

During 2009, Northeast DuPage Surgery Center, LLC sold substantially all of its assets and business operations. CDHealth recorded a net gain of \$1,651 representing its share of the proceeds from the sale of the joint venture's assets, which is included in net nonoperating gains in the accompanying 2009 consolidated statement of operations.

In 2009, CDHealth entered into a joint venture with ProCure Treatment Centers, Inc. and certain radiation oncologists that seeks to build, equip, and operate a proton beam therapy center (the Proton Beam Venture). CDHealth provided initial capital contributions of \$10,000 to the Proton Beam Venture during 2009. CDHealth has a 10.5% effective equity interest in the Proton Beam Venture, which is accounted for under the cost method. The \$10,000 carrying value of the Proton Beam Venture is included with deferred finance charges and other assets.

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Simultaneously with its investment, CDHealth also provided a \$40,000 loan to ProCure Treatment Centers, Inc. to support the development and construction of the proton beam therapy center. The loan is evidenced by an unsecured note receivable and accrues interest at a rate per annum of 14% over the term, which is approximately 12 years. Interest on the note is accrued and added to the outstanding note receivable balance for the first 4 years. Interest is due and payable semi-annually after the fourth year. Principal and accrued interest payments are due at the maturity of the note receivable. CDHealth recognized approximately \$6,282 and \$3,615 in accrued interest income on the note receivable for the years ended June 30, 2010 and 2009, respectively, which is included in nonoperating gains in the accompanying consolidated statements of operations. Included in notes and advances receivable at June 30, 2010 and 2009 is \$49,897 and \$43,615, respectively, of total outstanding principal and accrued interest amounts related to the note receivable.

In support of its efforts to develop a broader oncology presence, CDHealth purchased a parcel of land for \$8,215 on which the proton beam therapy center and a cancer treatment center are being constructed. CDHealth entered into a ground lease agreement with ProCure Management, LLC to lease the land on which the proton beam facility will operate. The initial term of the ground lease is 50 years with the option to renew for two 20-year periods. Annual lease payments due to CDHealth under the terms of the lease approximate \$400. For the years ended June 30, 2010 and 2009, CDHealth recognized \$283 and \$105, respectively, of rental income, which is included in other revenue in the accompanying consolidated statements of operations.

#### (10) Divestiture of Senior Care and Living Facilities

On March 12, 2010, the Corporations sold its senior care and living facilities – Wyndemere Retirement Community and Wynscape Nursing and Rehabilitation Center. Wyndemere Retirement Community provides housing, healthcare, and other related services to residents through the operation of a retirement facility with 212 congregate units, 65 assisted living units, and 26 townhomes, located in Wheaton, Illinois. Wynscape Nursing and Rehabilitation Center (Wynscape) provides nursing care and rehabilitation services to nursing home residents. Collectively, the senior care and living facilities are referred to as “Wyndemere.”

The operations of Wyndemere have been presented in the accompanying consolidated financial statements as discontinued operations. The results of Wyndemere operations, including the gain on the sale transaction, are reported in the accompanying consolidated statements of operations as income from discontinued operations. Further, all net cash flows related to the operating, investing, and financing activities of Wyndemere are reported separately as discontinued operations in the accompanying consolidated statements of cash flows.

Pursuant to the Asset Purchase Agreement (Agreement), CDHealth sold substantially all the assets of Wyndemere including fixed assets, rights and obligations under resident agreements, and business operations. The net book value of Wyndemere fixed assets at date of sale approximated \$35,139. Deferred revenue and liabilities attributable to entrance fees assumed by the buyer at date of sale approximated \$42,542. In addition, the buyer assumed \$5,818 of Wynscape long-term debt and all future obligations related to refundable and nonrefundable entrance fees and future life care commitments.



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The Corporations provided certain liquidity and other guarantees of Wyndemere-related buyer acquisition debt and obligations subsequent to the date of sale. The Corporations have deposited \$6,400 in escrow accounts for the benefit of the buyer's senior lender in the event the buyer does not make scheduled debt service payments or comply with specified debt covenants. Such escrow funds are included with assets whose use is limited – funds held by trustees in the accompanying 2010 consolidated balance sheet. In addition, the Corporations have provided the buyer's senior lender a put option for up to a five-year period subsequent to the transaction date that allows the buyer's senior lender to put the buyer debt to the Corporations in the event the buyer fails to satisfy occupancy, debt service coverage, or days cash on hand ratios for any quarter. The outstanding principal balance on the buyer's senior debt is \$31,840 at June 30, 2010. The put option extends to the earlier of one year after the maturity date on the debt, or the achievement of the aforementioned ratios for four consecutive quarters. In the event the buyer's senior lender puts the debt to the Corporations, the Corporations will assume the debt under the same terms and conditions as the buyer. The Corporations also remain as guarantor on the Wyncscape long-term debt through December 31, 2014, the remaining term of debt. The outstanding principal balance on the Wyncscape debt is \$5,772 at June 30, 2010. Any payments made under the guarantees will be secured by Wyndemere assets.

The Corporations received net cash proceeds from the sale of \$31,128. The Corporations realized a gain on the sale of \$46,731, of which \$3,718 was deferred related to the Corporations guarantee of buyer debt. The deferred gain is being amortized to revenue over the term of the guarantee. The unamortized deferred gain at June 30, 2010 is \$3,532. As of June 30, 2010, no escrowed funds have been drawn upon nor have the Corporations been required to assume the buyer acquisition debt or make any payments pursuant to the guarantee arrangements.

A summary of Wyndemere operating results prior to the date of sale for the years ended June 30, 2010 and 2009 is as follows:

	2010	2009
Net resident service revenue	\$ 10,922	15,335
Other revenue	11,156	16,360
Expenses	20,917	30,922
Nonoperating gains, net	28	412
Revenues and gains in excess of expenses and losses	\$ 1,189	1,185

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**(11) Land, Buildings, and Equipment**

A summary of land, buildings, and equipment as of June 30, 2010 and 2009 follows:

	2010		2009	
	Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization
Land	\$ 25,772	—	31,414	—
Land improvements	26,444	10,110	31,786	11,989
Leasehold improvements	8,207	4,303	7,901	3,609
Buildings and building service equipment	458,448	147,281	507,910	178,121
Major movable equipment	219,455	155,426	281,634	216,035
Construction in progress	141,099	—	46,988	—
	\$ 879,425	317,120	907,633	409,754

Construction in progress at June 30, 2010 consists primarily of costs incurred for a new patient bed tower and other various construction and renovation projects. Significant contractual commitments outstanding at June 30, 2010 on construction projects approximate \$60,503.

Interest cost is capitalized as a component cost of significant capital projects, net of any interest income earned on unexpended project-specific borrowed funds. During the years ended June 30, 2010 and 2009, the Corporations capitalized \$6,696 and \$749 of interest cost, respectively. Gross interest cost capitalized in 2010 was \$7,314, which was offset by \$618 of investment income on borrowed funds held by the bond trustee.

The Corporations evaluate long-lived assets for impairment on an annual basis. Long-lived assets are considered to be impaired whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. Included in depreciation and amortization for the year ended June 30, 2009 is \$4,043 related to the impairment of certain property and equipment. No impairments of long-lived assets were recognized in 2010.

CDHealth leases medical office buildings to physicians and other healthcare providers under various operating lease arrangements. Rental income recognized under the terms of operating leases amounted to \$6,714 and \$6,339 in 2010 and 2009, respectively, and is included with other revenue. Future minimum rental payments receivable under noncancelable operating leases are as follows: 2011 – \$6,652; 2012 – \$5,554; 2013 – \$5,339; 2014 – \$5,169; 2015 – \$4,214; and 2016 and thereafter – \$4,521.

CDHealth and certain affiliates lease office space under various operating lease agreements. Rental expense recognized under the terms of operating leases amounted to \$3,936 and \$3,846 in 2010 and 2009, respectively, and is included with other expense. Future minimum rental commitments under

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noncancelable office space operating leases are as follows: 2011 – \$3,673; 2012 – \$3,227; 2013 – \$3,037; 2014 – \$2,341; 2015 – \$2,141; and 2016 and thereafter – \$2,435.

**(12) Long-term Debt**

A summary of long-term debt at June 30, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Revenue bonds, Series 2009 B with interest at various fixed rates averaging 5.36% and maturing on various dates beginning November 1, 2013 through November 1, 2039	\$ 240,000	—
Revenue bonds, Series 2009 with interest at various fixed rates averaging 5.25% and maturing on various dates beginning November 1, 2014 through November 1, 2039	90,000	90,000
Variable rate demand revenue bonds, Series 2004 A, interest at a variable rate determined daily, due by annual mandatory redemption beginning November 1, 2010 through November 1, 2038, effective interest rate of 0.21% and 1.06% in 2010 and 2009, respectively	129,400	139,765
Variable rate demand revenue bonds, Series 2004 B, interest at a variable rate determined daily, redeemed in 2010, effective interest rate of 0.18% and 1.19% in 2010 and 2009, respectively	—	49,830
Variable rate demand revenue bonds, Series 2004 C, interest at a variable rate determined daily, redeemed in 2010, effective interest rate of 0.18% and 1.19% in 2010 and 2009, respectively	—	49,830
Periodic auction rate revenue bonds, Series 2000 A-1, interest at a variable rate determined daily, due by annual mandatory redemption through November 1, 2024, effective interest rate of 0.26% and 1.38% in 2010 and 2009, respectively	175	43,025
Periodic auction rate revenue bonds, Series 2000 A-2, interest at a variable rate determined weekly, due by annual mandatory redemption through November 1, 2024, effective interest rate of 0.52% and 1.64% in 2010 and 2009, respectively	13,400	43,025
Variable rate demand revenue bonds, Series 2000 B, interest at a variable rate determined daily, redeemed in 2010, effective interest rate of 0.23% and 1.11% in 2010 and 2009, respectively	—	41,700
Variable rate demand revenue bonds, Series 2000 C, interest at a variable rate determined daily, redeemed in 2010, effective interest rate of 0.20% and 1.10% in 2010 and 2009, respectively	—	41,845

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	<u>2010</u>	<u>2009</u>
Note payable, interest at 9.25%, assumed by buyer in sale of senior care and living facilities (note 10)	\$ —	5,951
Total long-term debt	472,975	504,971
Less current installments of long-term debt	3,110	6,431
Less unamortized net bond discount	<u>474</u>	<u>1,591</u>
Long-term debt, excluding unamortized net bond discount and current installments	\$ <u>469,391</u>	<u>496,949</u>

CDHealth and CDH, collectively referred to as the Obligated Group, entered into a Master Trust Indenture dated as of May 1, 2000. The purpose of the Master Trust Indenture is to provide a mechanism to be able to issue promissory notes and other evidences of indebtedness in order to secure the financing or refinancing of facilities and for other lawful proper corporate purposes. The Master Trust Indenture provides for other legal entities in the future to participate with CDHealth and CDH in a Credit Group for the payment of obligations and the performance of all covenants contained therein. The Credit Group consists of the Obligated Group and any affiliate CDHealth designates as a Credit Group member. All notes issued under the Master Trust Indenture are the joint and several obligations of each member of the Obligated Group. The Master Trust Indenture requires Obligated Group members to cause Credit Group members to make payments on notes issued by other members of the Obligated Group if such other members are unable to satisfy their obligations under the Master Trust Indenture. No other CDHealth affiliates are currently designated as Credit Group members. The Obligated Group pledged a security interest in its unrestricted receivables as collateral on borrowings under the Master Trust Indenture.

On November 18, 2009, the Illinois Finance Authority issued \$240,000 of Series 2009 B Bonds on behalf of CDHealth. The loan of the Series 2009 B bond proceeds is secured by a direct note obligation issued under the Master Trust Indenture. The Series 2009 B bond proceeds will be used, together with certain other available funds of Corporation, to pay and reimburse CDHealth and CDH for a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities, including, but not limited, to the construction and equipping of a five-story bed pavilion, medical imaging center, construction of an additional parking garage, funded interest, and working capital. The Series 2009 B bond proceeds were also used to current refund \$14,365 of the outstanding principal of the Series 2000 B bonds, \$14,365 of the outstanding principal of the Series 2000 C bonds, \$3,160 of the outstanding principal of the Series 2004 A bonds, \$34,750 of the outstanding principal amount of the Series 2004 B Bonds, and \$34,965 of the outstanding principal amount of the Series 2004 C Bonds. The Series 2009 B Bonds were comprised of a \$61,405 issue of serial bonds maturing as of November 1, 2013 to 2021, a term bond of \$27,425 due as of November 1, 2024, a term bond of \$27,370 due as of November 1, 2029, and term bonds of \$20,000, \$63,000, and \$40,800 due as of November 1, 2039. The term bonds are subject to mandatory bond sinking fund redemptions beginning as of November 1, 2022, 2025, and 2030, respectively. The Series 2009 B Bonds bear interest at effective rates ranging from 2.94% to 5.63% depending on the date of maturity. These fixed rate bonds were issued at an overall premium from face value totaling \$1,070, which is being amortized ratably using the effective interest method over the life of the bonds.

## CENTRAL DUPAGE HEALTH AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

On May 6, 2009, the Illinois Finance Authority issued \$90,000 of Series 2009 Bonds on behalf of CDHealth. The loan of the Series 2009 Bond proceeds is secured by a direct note obligation issued under the Master Trust Indenture. The Series 2009 Bond proceeds will be used to pay and reimburse CDHealth and CDH for a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities and for funded interest. The Series 2009 Bonds were comprised of an \$8,700 issue of serial bonds maturing as of November 1, 2014 to 2019, a term bond of \$56,225 due as of November 1, 2027 and a \$25,075 term bond due as of November 1, 2039. The term bonds are subject to mandatory bond sinking fund redemptions beginning as of November 1, 2015 and 2031. The Series 2009 Bonds bear interest at effective rates ranging from 3.18% to 5.50% depending on the date of maturity. These fixed rate bonds were issued at an overall discount from face value totaling \$1,605, which is being amortized ratably using the effective interest method over the life of the bonds.

On May 19, 2004, the Illinois Finance Authority issued its \$140,000 Series 2004 A Bonds, \$50,000 Series 2004 B Bonds and \$50,000 in Series 2004 C Bonds, all on behalf of CDHealth. The loan of the Series 2004 Bond proceeds is secured by a direct note obligation issued under the Master Trust Indenture. In addition to providing working capital, paying the cost of issuing the bonds, funded interest, and paying or reimbursing CDHealth and CDH a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities, a portion of the Series 2004 Bond proceeds were used to advance refund the Series 1992 Revenue Bonds on behalf of Wyndemere. The Series 2004 A Bonds were originally issued as auction rate bonds. The Series 2004 B Bonds and the Series 2004 C Bonds were issued as variable rate demand revenue bonds. On March 24, 2008, CDHealth converted the Series 2004 A Bonds to variable rate demand revenue bonds.

*The Series 2004 A Bonds, Series 2004 B Bonds, and Series 2004 C Bonds bear interest at a variable rate in daily mode. Any of the Series 2004 Bonds may be converted at the option of CDHealth, subject to certain restrictions, to bonds that bear interest at different rates using different rate modalities, including different variable rates, Periodic Auction Rate (PARS) rates, flexible rates, or fixed rates. The loan of the proceeds of the Series 2004 Bonds is secured by direct note obligations of the Obligated Group. The Series 2004 Bonds have put options, which allow the bonds to be put prior to maturity or mandatory redemption. The Obligated Group has an agreement with an underwriter to remarket any bonds redeemed based on the exercise of put options.*

The Series 2004 A Bonds, Series 2004 B Bonds, and Series 2004 C Bonds bear interest at a variable rate in daily mode. In 2010, the portion of the bonds used to finance the construction and equipping of the Wyndemere facility were defeased anticipating the divestiture that took place in March 2010 (note 10). This included \$7,205 of Series 2004 A Bonds, \$15,080 of Series 2004 B Bonds, and \$14,865 of Series 2004 C Bonds. The Corporations wrote off deferred finance charges related to the Series 2004 A Bonds, Series 2004 B Bonds, and Series 2004 C Bonds of \$408, which is reported within depreciation and amortization in the accompanying 2010 consolidated statement of operations. During 2009, the Obligated Group paid principal of \$235 to defease a portion of the Series 2004 A Bonds. These defeasances of Series 2004 bonds coupled with the refundings noted in the above paragraph fully retired the Series 2004 B and C Bonds, leaving a remainder of \$129,400 of Series 2004 A Bonds outstanding.

## CENTRAL DUPAGE HEALTH AND AFFILIATES

### Notes to Consolidated Financial Statements

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(In thousands)

On May 12, 2000, the Illinois Finance Authority issued \$100,000 of PARS bonds, Series 2000 A, on behalf of CDHealth. The Series 2000 A Bonds were issued through \$50,000 of Sub-Series 2000 A-1 Bonds and \$50,000 of Sub-Series 2000 A-2 bonds. On May 12, 2000, the Illinois Finance Authority also issued \$50,000 in Series 2000 B and \$50,000 in Series 2000 C of variable rate demand revenue bonds on behalf of CDHealth. The loan of the proceeds of the Series 2000 A, Series 2000 B, and Series 2000 C Bonds is secured by direct note obligations of the Obligated Group.

The Sub-Series 2000 A-1 Bonds bear interest at the applicable PARS rate, which is subject to change based on a daily auction. Interest is payable on the first business day of the following month for any daily auction period. The Sub-Series 2000 A-2 Bonds bear interest at the applicable PARS rate based on a weekly auction. Interest is payable on the first business day following the weekly auction period. During any PARS rate period, Series 2000 A Bonds can be converted to a daily, 7-day, 28-day, 35-day, three-month, six-month, or a special auction period. In 2010, the Corporations defeased \$25,865 of Series 2000 B Bonds and \$26,010 of Series 2000 C Bonds. During 2009, the Obligated Group paid principal of \$2,295 for the defeasance of a portion of the Series 2000 B and Series 2000 C Bonds. The Corporations wrote off deferred finance charges related to the Series 2000 B Bonds and Series 2000 C Bonds of \$773, which is reported within depreciation and amortization in the accompanying 2010 consolidated statement of operations. These defeasances, coupled with the refundings noted above in connection with the issuance of the Series 2009 B Bonds, fully retired all of the Series 2000 B and C Bonds during 2010. The Series 2000 B and Series 2000 C Bonds bore interest at a variable rate in daily mode.

The Series 2000 A Bonds are subject to a periodic auction process for which there must be sufficient new bids for an existing bondholder to sell their bonds prior to maturity. Since February 2008, these bonds have paid interest using a maximum rate formula under the bond indenture as specified for "failed auctions" resulting from market conditions. During 2010, CDHealth repurchased \$40,925 of its Series 2000 A-1 Bonds and \$27,700 of its Series 2000 A-2 Bonds for a cash price of \$64,507. As a result of the repurchase and cancellation of these bonds, a gain of \$4,118 was recognized within net nonoperating gains.

At the time the Series 2000 A Bonds were issued, the Obligated Group obtained a financial guaranty insurance policy through Municipal Bond Investors Assurance Corporation (MBIA) that guarantees the payment of principal and interest on the Series 2000 A Bonds when due. The Obligated Group also maintains a liquidity facility agreement with JP Morgan for the Series 2004 A Bonds, which expires as of November 16, 2012. JP Morgan has agreed to provide funds for the purchase of certain tendered Series 2004 A Bonds, which may not be remarketed by the remarketing agent. In the event the liquidity facility agreement is not extended, the Series 2004 A Bonds are subject to acceleration unless such bonds are converted to an alternative interest rate mode at such time.

Deferred finance charges consist of underwriter fees and other issuance costs of the Series 2009 and Series 2009 B Bonds. Deferred finance charges are amortized using the bonds outstanding method over the periods in which the related obligations are expected to be outstanding.

At June 30, 2010, the fair value of the Series 2009 and Series 2009 B fixed rate bonds was approximately \$90,426 and \$248,786, respectively. The recorded carrying amount of the Series 2009 and Series 2009B fixed rate bonds was \$88,493 (net of unamortized discount) and \$241,033 (net of unamortized premium),

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(In thousands)

respectively. In 2010 and 2009, the fair value of CDHealth's variable rate long-term debt approximated recorded amounts.

At June 30, 2009, the fair value of the Series 2009 fixed rate bonds was approximately \$84,935 while the recorded carrying amount was \$88,409, net of the unamortized discount. In 2009 and 2008, the fair value of CDHealth's variable rate long-term debt approximated recorded amounts.

The Obligated Group has variable rate demand notes that have a put option available to the creditor. If the put option is exercised, the bonds are presented to the bank, which in turn draws on the underlying liquidity facility. The series and the underlying liquidity facility terms are described as follows:

<u>Series</u>	<u>Terms</u>
Series 2004 A Bonds	Interest payable monthly on the first business day of each calendar month following tender to the extent of redemption, principal payments not due until expiration date of November 16, 2012. Mandatory annual bond sinking fund redemptions are scheduled to commence November 1, 2010 under the Bond Indenture

The interest rates under the Series 2004 A liquidity facility agreement for any put bonds are as follows:

<u>Period</u>	<u>Rate</u>
From and including the date of purchase until the 61st day following such purchase	LIBOR plus 0.5%
From and after the 61st day after the date of purchase of a Bank Bond	Prime rate
Overdue rate	Prime rate plus 2.0%

Scheduled principal repayments on long-term debt based on the variable rate demand notes being put back to the Obligated Group and a corresponding draw being made on the underlying letter of credit facility are as follows:

Year ending June 30:	
2011	\$ 3,110
2012	2,565
2013	126,405
2014	7,850
2015	8,435
Thereafter	<u>324,610</u>
	\$ <u><u>472,975</u></u>

**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

Scheduled principal repayments on the long-term debt based on the scheduled redemptions according to the Master Trust Indenture are as follows:

Year ending June 30:		
2011	\$	3,110
2012		2,565
2013		2,555
2014		10,350
2015		10,135
Thereafter		<u>444,260</u>
	\$	<u><u>472,975</u></u>

CDHealth is a limited partner in HealthTrack Sports & Wellness, L.P., an Illinois limited partnership that owns and operates a sports and fitness facility located in Glen Ellyn, Illinois (HealthTrack). CDHealth's affiliate, DHSI, is a member of the limited liability company that serves as general partner of the limited partnership. Collectively, CDHealth and DHSI have a 50% equity interest in HealthTrack. In 1997, HealthTrack issued \$10,350 in aggregate principal amount of taxable variable rate demand revenue bonds that are secured by a letter of credit. In connection with the financing, CDHealth entered into a guaranty in favor of the bank that issued the letter of credit guaranteeing one-half of any obligations owed to the bank by HealthTrack. As of June 30, 2010 and 2009, there was \$4,350 and \$4,700, respectively, outstanding on this debt of which \$2,175 and \$2,350, respectively, was guaranteed by CDHealth. In 2008, HealthTrack entered into an interest rate swap in order to hedge the venture's exposure to variable interest rates on its debt. As of June 30, 2010, the swap was in a liability position of \$668, of which \$334 is subject to the guarantee with the bank. As of June 30, 2009, the swap was in a liability position of \$534, of which \$267 was subject to the guarantee with the bank. There is no collateral posting requirement on this swap. CDHealth has not been required to make any payment pursuant to the bank guaranty.

CDHealth is a member with a one-third ownership interest in Bloomingdale LIFE TIME Fitness, L.L.C., an Illinois limited liability company that owns a sports and fitness facility located in Bloomingdale, Illinois (Lifetime). In 2000, Lifetime issued \$14,500,000 in aggregate principal amount of taxable variable rate demand revenue bonds that are secured by a letter of credit. In connection with the financing, CDHealth entered into a guaranty in favor of the bank that issued the letter of credit guaranteeing one-third of any obligations owed by Lifetime to the bank. As of June 30, 2010 and 2009, there was \$8,100 and \$8,900 outstanding on this debt, respectively, of which CDHealth has guaranteed \$2,700 and \$2,967, respectively. Lifetime also has an interest rate swap that is in a liability position. As of June 30, 2010, the swap was in a liability position of \$317, of which \$106 is subject to the guarantee with the bank. As of June 30, 2009, the swap was in a liability position of \$655, of which \$218 was subject to the guarantee with the bank. There is no collateral posting requirement on this swap. CDHealth has not been required to make any payment pursuant to this bank guaranty.

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### Notes to Consolidated Financial Statements

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(In thousands)

#### (13) Employee Retirement Plans

CDHealth sponsors a defined contribution retirement plan (the Plan) that covers substantially all employees of the Corporations. The Plan is a money purchase defined contribution plan qualified under Section 401 of the Code. Other significant provisions of the Plan are as follows:

- **Contributions** – The Corporations contribute 5% of qualified employees' gross annual earnings into each participant's plan account. Employee contributions to the Plan are not permitted. The contribution percentage is subject to change. The Corporations fund the Plan annually for the plan year ended December 31.
- **Qualification** – To qualify for the Plan, employees must complete one year of employment, be at least 21 years of age, and provide a minimum of 1,000 hours of annual service.
- **Vesting** – Prior to January 1, 2002, employees vested in the Plan over a seven-year period. As of January 1, 2002, the vesting period was reduced to a six-year period. Forfeited employer contributions revert back to the Corporations.

Effective July 1, 1999, CDHealth and participating affiliates adopted a matched savings plan under Section 403(b) of the Code (the 403(b) Plan). The 403(b) Plan is a defined contribution plan, and significant provisions of the 403(b) Plan are as follows:

- **Contributions** – Employees contribute to the 403(b) Plan through salary reductions specified in the participant's salary reduction agreement. CDHealth and affiliates, at their sole discretion, may make matching contributions to the 403(b) Plan equal to a defined percentage of the participant's contributions for participants who have earned one year of service.
- **Qualification** – Employees employed on July 1, 1999 were immediately eligible to participate in the 403(b) Plan. An employee hired after July 1, 1999 and before the 15th day of the month in which they were hired become eligible to participate in the 403(b) Plan on the first day of the month after the employee has earned one hour of service.
- **Vesting** – Employees are fully vested in their participant contributions to the 403(b) Plan. Prior to January 1, 2002, employer contributions vested over a seven-year period. As of January 1, 2002, the vesting period was reduced to a six-year period. Forfeited employer contributions revert back to CDHealth and its affiliates.

The Corporations make contributions to the Plan and the 403(b) Plan equal to amounts accrued for pension expense. Pension expense of \$11,464 and \$11,065 in 2010 and 2009, respectively, has been recognized under the terms of the Plan and the 403(b) Plan and is included with employee benefits expense.

CDHealth and CDH also sponsor deferred compensation programs to supplement the income of participating individuals during retirement or following separation from the organization. Eligibility for the plans is restricted to specified executives or as defined by the Internal Revenue Service for certain "highly paid" employees. The deferred compensation plans are not qualified retirement plans under Section 401 of the Code. Contributions to the plans are stipulated in the plan documents and involve various methodologies depending on the plan. These range from use of an actuarial analysis based on

**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

compensation, an annual sum approved at the Board's discretion or salary deferrals as elected by the participants. CDHealth and CDH have recorded \$450 and \$435 of pension expense during 2010 and 2009, respectively, under provisions of the deferred compensation plans. Amounts accrued for the benefit of the specified participants under the plans are reflected as retirement plan liabilities in the noncurrent liabilities section of the accompanying consolidated balance sheets. Benefits projected to be payable to the participants under these plans are reflected as corresponding retirement plan assets in the other assets section of the accompanying consolidated balance sheets and were comprised of the following investments:

	<u>2010</u>	<u>2009</u>
Government and agency securities	\$ 1,874	1,796
Mutual funds and common stocks	2,141	807
Short-term securities and money market funds	<u>361</u>	<u>751</u>
	<u>\$ 4,376</u>	<u>3,354</u>

**(14) Self-insurance**

*Professional and General Liability*

Effective April 16, 1979, CDH entered into a contractual agreement with the Illinois Provider Trust (IPT), a self-insurance administrator that, through its risk-sharing provisions, provided CDH with insurance coverage for medical, professional, and comprehensive general liability exposure. CDH ceased participation in IPT effective July 1, 1999. CDH obtained various levels of primary and excess insurance coverage from IPT on an occurrence basis while a participant in the program prior to July 1, 1999. IPT is a multi-hospital trust formed pursuant to the provisions of the Illinois Religious and Charitable Risk Pooling Act. Hospitals participating in IPT are obligated to make additional contributions necessary for maintaining trust assets at a level adequate to support anticipated disbursements as defined in the trust agreement. This obligation continues beyond the period of participation in the trust.

For the period July 1, 1999 through August 12, 2002, CDH obtained coverage from commercial insurance carriers for all professional and general liability claims. For the period July 1, 1999 through August 12, 2001, coverage was occurrence based and for the period August 13, 2001 through August 12, 2002, such coverage was on a claims-made basis. The commercial carrier, which provided coverage for the period July 1, 1999 through June 30, 2000 is insolvent and CDH does not expect the carrier to be able to pay claims for contracted coverage limits. Effective August 13, 2002, CDH elected to again participate in the IPT. Professional liability coverage, as well as excess coverage obtained from the IPT, was on a claims-made basis whereas general liability continued on an occurrence basis.

As of January 1, 2006, CDH terminated its participation in the IPT and became self-insured for all its professional and general liability claims made on or subsequent to that date. CDH has procured excess liability coverage from commercial carriers on a claims-made basis to insure those claims that may exceed a stated self-insured retention amount. A self-insurance trust fund is maintained for anticipated claims that may be payable from the retained amount based on an actuarial review of historical and industry claims patterns. CDH utilizes the services of a professional consultant for actuarial evaluations of self-insured

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## CENTRAL DUPAGE HEALTH AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

funding requirements. CDH has designated attorneys to handle legal matters relating to medical, professional, and comprehensive general liability matters. The CDH professional and general liability insurance program also provides coverage to other CDHealth affiliates. The Corporations recognize a provision for the ultimate cost of claims reported that fall within the self-insured retention, cost of claims not insured, and estimates of claims incurred but not reported as of the respective consolidated balance sheet dates for uninsured exposures. The provisions for claims incurred but not reported at June 30, 2010 and 2009 are actuarially determined using factors including historical Corporations and specific industry experience. The estimated outstanding professional and general claims liability of \$33,309 and \$29,602 at June 30, 2010 and 2009, respectively, is included with other accrued liabilities. Included in other expense are provisions of \$7,404 and \$6,753 for professional and general liability program expenses.

#### *Workers' Compensation*

The Corporations maintain a self-insurance program for workers' compensation coverage. Accrued workers' compensation claims of approximately \$4,072 and \$2,894 at June 30, 2010 and 2009, respectively, are included with other accrued liabilities in the accompanying consolidated balance sheets. The provisions for claims incurred but not reported at June 30, 2010 and 2009 are actuarially determined using factors including the Corporations' historical and industry-specific experience. Provisions for the self-insured workers' compensation claims of \$4,449 and \$3,387 in 2010 and 2009, respectively, are included in employee benefits expense as the best estimate of workers' compensation insurance costs. Coverage from commercial insurance carriers is maintained for claims in excess of self-insured retention levels.

#### *Healthcare*

The Corporations also participate in a program of self-insurance for employee healthcare coverage. Accrued health claims of approximately \$2,108 and \$1,699 at June 30, 2010 and 2009, respectively, are included with other accrued liabilities in the accompanying consolidated balance sheets. Provisions for self-insured employee healthcare claims amounted to \$21,697 and \$15,898 in 2010 and 2009, respectively. Stop-loss reinsurance coverage is maintained for claims in excess of stop-loss limits.

Beginning January 1, 2010, the Corporations became self-insured for employee dental coverage. Accrued dental claims of approximately \$81 at June 30, 2010 are included with other accrued liabilities in the accompanying consolidated balance sheet. Provisions for self-insured employee dental claims amounted to \$641 for the year ended June 30, 2010.

#### (15) **Endowments**

Effective July 1, 2008, the Corporations adopted the provisions of ASC Topic 958. ASC Topic 958 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the UPMIFA and also required disclosures about endowments funds, both donor-restricted endowment funds and board-designated endowment funds.

**CENTRAL DUPAGE HEALTH AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2010 and 2009

(In thousands)

The Foundation established two donor-restricted endowment funds (collectively referred to as the Funds), the principal of which may not be expended. The interest and dividend income and realized gains from the Fund established in 1973 and the Fund established in 2001 is utilized for CDH operations and a physician services program, respectively. The Funds are classified in permanently restricted net assets in the consolidated balance sheets at June 30, 2010 and 2009.

The Funds' activity for the years ended June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Beginning fair value	\$ 4,360	4,632
Current year contributions	72	301
Income:		
Interest and dividends	29	41
Realized losses, net	(22)	(19)
Disbursements:		
Assets released from restriction	(7)	(22)
Unrealized gains (losses), net	<u>191</u>	<u>(573)</u>
Ending fair value	\$ <u>4,623</u>	<u>4,360</u>

The principal of the Funds is approximately \$4,623 and \$4,360 at June 30, 2010 and 2009, respectively. The fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original donation as a result of unfavorable market conditions. There were no such deficiencies as of June 30, 2010 or 2009.

**(16) Commitments and Contingencies**

**(a) Litigation**

The Corporations are involved in litigation arising in the normal course of business. In consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporations' financial position or results from operations.

**(b) Regulatory Investigations**

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers. The Corporations are subject to these regulatory efforts. Management is currently unaware of any regulatory matters that will result in a material adverse effect on the Corporations' financial position or results from operations.

**(17) Subsequent Events**

In connection with the preparation of the consolidated financial statements and in accordance with the recently issued ASC Topic 855, *Subsequent Events*, the Corporations evaluated subsequent events after the balance sheet date of June 30, 2010 through September 23, 2010, which was the date the financial statements were available to be issued, and determined there were no other items to be disclosed.

CENTRAL DUPAGE HEALTH AND AFFILIATES

Consolidating Balance Sheet Information

June 30, 2010

(In thousands)

Assets	Central DuPage Health	Central DuPage Hospital Association	Obligated Group Eliminations	Obligated Group subtotal	Central DuPage Physician Group	Community Nursing Service of DuPage County, Inc.	DuPage Health Services, Inc.	PAHCS II	Central DuPage Special Health Association
<b>Current assets:</b>									
Cash and cash equivalents	\$ 3,256	35,815		39,071	1,337	1,114	56	728	298
Receivables:									
Patient accounts, less allowance for doubtful accounts of \$31,828	169	63,871		64,040	2,331	3,953		1,052	2,064
Estimated receivables under third-party reimbursement programs and other	2,113	39,932	(7,142)	34,993	125	115	1,354	64	84
Inventories	8,368	1,570		15,230	8	37	60		40
Prepaid expenses	13,906	6,852							
Total current assets		148,050	(7,142)	154,814	3,801	5,219	1,470	1,844	2,466
<b>Assets whose use is limited or restricted:</b>									
By Board for investment	437,066	343,291		780,357	73	11,333			1,121
Self-insurance trust	23,244			23,244					
Held by trustee under debt agreement	114,753			114,753					
Donor restricted									
Total assets whose use is limited or restricted	575,063	343,291		918,354	73	11,333			1,121
Land, buildings, and equipment, net of accumulated depreciation and amortization	99,829	457,146		556,975	4,459	370	370	45	4
<b>Other assets:</b>									
Notes and advances receivable	50,619			50,619					
Retirement plan assets	4,376			4,376					
Deferred finance charges and other assets	37,321			37,321		606	197		
Total other assets	92,316			92,316		606	197		
<b>Total assets</b>	\$ 781,114	948,487	(7,142)	1,722,459	8,333	17,528	2,037	1,889	3,591

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**CENTRAL DUPAGE HEALTH AND AFFILIATES**  
 Consolidating Balance Sheet Information  
 June 30, 2010  
 (In thousands)

Liabilities and Net Assets	Central DuPage Health	Central DuPage Hospital Association	Obligated Group Eliminations	Obligated Group subtotal	Central DuPage Physician Group	Community Nursing Service of DuPage County, Inc.	DuPage Health Services, Inc.	PAHCS II	Central DuPage Special Health Association
<b>Current liabilities:</b>									
Current installments of long-term debt	\$ 3,110	-	-	3,110	-	-	-	-	-
Accounts payable	11,537	31,722	(7,142)	36,137	1,991	2,112	2	663	207
<b>Accrued liabilities:</b>									
Salaries and wages	4,201	33,245	-	37,448	988	-	-	30	?
Pension	-	4,209	-	4,209	-	-	-	-	-
Interest	3,282	-	-	3,282	-	-	-	-	-
Other	68,364	18,103	-	86,667	73	452	27	-	80
Estimated payables under third-party reimbursement programs	-	63,904	-	63,904	-	-	-	-	-
<b>Total current liabilities</b>	<b>90,716</b>	<b>151,183</b>	<b>(7,142)</b>	<b>234,757</b>	<b>3,052</b>	<b>2,564</b>	<b>29</b>	<b>693</b>	<b>294</b>
<b>Long-term debt, excluding unamortized net bond discount and current installments</b>	<b>469,391</b>	<b>-</b>	<b>-</b>	<b>469,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Construction payables	-	19,212	-	19,212	-	-	-	-	-
Retirement plan liabilities	4,376	-	-	4,376	-	-	-	-	-
Other	2,788	-	-	2,788	-	-	-	-	-
<b>Total liabilities</b>	<b>567,271</b>	<b>170,395</b>	<b>(7,142)</b>	<b>730,524</b>	<b>3,052</b>	<b>2,564</b>	<b>29</b>	<b>693</b>	<b>294</b>
<b>Net assets:</b>									
Unrestricted	213,843	778,092	-	991,935	5,281	14,964	2,008	1,196	3,297
Temporarily restricted	-	-	-	-	-	-	-	-	-
Permanently restricted	-	-	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>213,843</b>	<b>778,092</b>	<b>-</b>	<b>991,935</b>	<b>5,281</b>	<b>14,964</b>	<b>2,008</b>	<b>1,196</b>	<b>3,297</b>
<b>Total liabilities and net assets</b>	<b>\$ 781,114</b>	<b>948,487</b>	<b>(7,142)</b>	<b>1,722,459</b>	<b>8,333</b>	<b>17,528</b>	<b>2,037</b>	<b>1,889</b>	<b>3,591</b>

See accompanying independent auditors' report.

**CENTRAL DUPAGE HEALTH AND AFFILIATES**  
 Consolidating Statement of Operations Information  
 Year ended June 30, 2010  
 (In thousands)

	Central DuPage Health	Central DuPage Hospital Association	Obligated Group eliminations	Obligated Group subtotal	Central DuPage Physician Group	Community Nursing Service of DuPage County, Inc.	DuPage Health Services, Inc.	PAHCS II	Central DuPage Special Health Association	Central DuPage Health Foundation
Net patient service revenue	\$ 1,353	601,970		603,323	27,401	17,492		5,563	3,345	
Other revenue	60,158	17,423	(46,943)	30,638	1,289	434		176		
Total revenue	61,511	619,393	(46,943)	633,961	28,690	17,926		5,739	3,345	
Expenses:										
Salaries and wages	20,699	177,324		198,023	21,820	10,293		2,328	765	
Employee benefits	4,334	46,291		50,625	4,757	2,548		561	138	
Professional fees and purchased services	20,313	53,194	—	73,507	689	674	(1)	1,292	153	
Supplies	2,410	93,307		94,717	1,889	2,334		216	1,425	
Interest	12,153	—	—	12,153	—	—		—	—	
Depreciation and amortization	9,056	37,128		46,184	1,694	181		23	11	
Provision for uncollectible accounts	33	40,143		40,176	478	90		167	209	
Other	13,335	68,374	(46,943)	34,766	6,248	2,216		789	277	
Total expenses	81,333	515,761	(46,943)	559,151	37,985	17,236		5,376	2,978	
Revenue in excess (deficient) of expenses	(19,822)	103,632		83,810	(14,295)	690		(21)	367	
Non operating gains:										
Investment returns, unrestricted contributions and other, net	18,473	12,837	—	31,310	30	498	18	—	35	
Revenue and gains in excess (deficient) of expenses and losses before discontinued operations	(1,349)	116,469		115,120	(14,265)	1,188	(13)	363	392	
Income from discontinued operations (including gain on sale of \$43,199)	43,199			43,199						
Revenue and gains in excess (deficient) of expenses and losses	41,850	116,469		158,319	(14,265)	1,188	(13)	363	392	
Other changes in unrestricted net assets:										
Change in net unrealized gains and losses on other-than-trading securities	4,410	894	—	5,304	11	37	—	—	18	
Joint venture equity transactions	153	—	—	153	—	—	4	—	—	
Equity transfers among affiliates	5,620	(29,257)	—	(23,637)	14,486	—	—	—	—	(1,07)
Increase (decrease) in unrestricted net assets	\$ 52,033	\$8,106	—	140,139	232	1,225	(9)	363	410	(98)

See accompanying independent auditors' report.

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**CENTRAL DUPAGE HEALTH AND AFFILIATES**  
**Consolidating Statement of Changes in Net Assets Information**  
**Year ended June 30, 2010**  
(In thousands)

	Central DuPage Health	Central DuPage Hospital Association	Obligated Group eliminations	Obligated Group subtotal	Central DuPage Physician Group	Community Nursing Service of DuPage County, Inc.	DuPage Health Services, Inc.	PAHCS II	Central DuPage Special Health Association	Central DuPage Health FoundaC
Increase (decrease) in unrestricted net assets	\$ 52,033	88,106		140,139	232	1,225	(9)	363	410	(9)
Temporarily restricted net assets:										
Contributions for specific purposes										
Investment return										
Net assets released from restriction and used for operation										
Decrease in temporarily restricted net assets										
Permanently restricted net assets:										
Contributions to be held in perpetuity										
Investment return										
Decrease in permanently restricted net assets										
Change in net assets	52,033	88,106		140,139	232	1,225	(9)	363	410	(9)
Net assets (deficit) at beginning of year	161,810	689,986		851,796	5,049	13,739	2,017	833	2,887	16,1
Net assets (deficit) at end of year	\$ 213,843	778,092		991,935	5,281	14,964	2,008	1,196	3,297	16,1

See accompanying independent auditors' report.





May 11, 2011

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

RE: Central DuPage Hospital  
CDH-Delnor Health System  
Application for Acute Mental Illness Expansion CON Permit  
Funding

Dear Ms Avery,

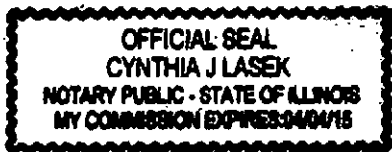
Please be advised that the proposed project to expand Central DuPage Hospital's acute mental illness unit will be funded entirely with cash and equivalents.

If we can provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me at (630) 933-5066.

Sincerely,

Michael Vivoda  
President  
Central DuPage Hospital

Notarization:



*Cynthia J. Lasek*  
*May 11, 2011*

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A		B		C		D		E		F		G		H		Total	
	New	Cost/Sq. Foot	Mod.		New	Gross Sq. Ft.	Circ.		Mod.	Gross Sq. Ft.	Circ.	Const. \$	(A x C)	Mod. \$	(B x E)	Costs	(G + H)	
Reviewable																		
AMI		\$	58.37						10,622						\$	620,000	\$	620,000
contingency		\$	3.77											\$	40,000	\$	40,000	
<b>TOTAL</b>		\$	<b>62.14</b>						<b>10,622</b>					\$	<b>660,000</b>	\$	<b>660,000</b>	

**PROJECTED OPERATING COSTS and  
TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS**

**CENTRAL DUPAGE HOSPITAL  
2012**

Projected Patient Days: 30,186

**Equivalent Patient Days:**

\$ <u>316,703,000</u>	
9,443.35	33,537

Operating Costs:	Hospital	AMI	Per Equivalent Patient Day	
			Hospital	AMI
Salaries & Benefits:	\$ 224,857,000	\$ 4,216,474		
Supplies	\$ <u>95,439,000</u>	\$ <u>101,055</u>		
<b>Total</b>	<b>\$ 320,296,000</b>	<b>\$ 4,317,530</b>	<b>\$ 10,610.75</b>	<b>\$ 143.03</b>

**Capital Costs:**

Depre. & Amortization	\$	45,060,000	
Interest Expense	\$	<u>9,313,000</u>	
	\$	54,373,000	\$ 1,801.27

## SAFETY NET IMPACT STATEMENT

Central DuPage Hospital has historically been a primary provider of safety net services in DuPage County, both independently, and through its relationship with Access DuPage. That commitment will continue and, to a degree, be enhanced through the expanded availability of inpatient acute mental illness services at the hospital.

In 2010, Central DuPage Hospital admitted nearly 1,000 charity care patients, and provided nearly 19,000 outpatient procedures and treatments to patients without any expectation of payment.

The proposed project does not involve any cross-subsidizing of safety net services with other providers.

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