

# **RONALD E. OSMAN**

6530 Moake School Road  
Marion, IL 62959  
(618) 997-5151 (Office)  
(618) 889-6031 (Cell Phone)  
E-mail: [rosman@marion.quitamlaw.com](mailto:rosman@marion.quitamlaw.com)

January 27, 2011

**RECEIVED**

JAN 28 2011

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

Jeffrey Mark, Executive Secretary  
Illinois Health Facilities Planning Board  
525 West Jefferson St.  
Second Floor  
Springfield, IL 62761-001

Re: Exemption Change of Ownership

Dear Mr. Mark:

Please find enclosed a completed Application for Exemption Change of Ownership for the existing outpatient surgical center located at 806 N. Treas, Marion, Illinois, along with the \$2,500.00 application fee. I am also enclosing a CD containing a complete copy of the application with attachments. Finally, since the rules require all attachments to be 8½ x 11, I am enclosing a flash drive that contains a copy of the three year projections contained in Attachment 6 since the projections are not legible without magnification.

If you or your staff have any questions or need further information, please call or e-mail me at the above address and phone number.

Very truly yours,



Ronald E. Osman

REO/bjk  
Enclosure

ORIGINAL

(Agency Use Only)

Fee Received

Y

N

Exemption #

E-001-11

2

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

RECEIVED

JAN 28 2011

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name Surgery Center of Southern Illinois HEALTH FACILITIES & SERVICES REVIEW BOARD  
Address 806 N. Treas  
City Marion Zip Code 62959 County Williamson  
Name of current licensed entity for the facility Marion Surgical Center, Ltd.  
Does the current licensee: own this facility XX OR lease this facility \_\_\_\_\_ (if leased, check if sublease ☐)  
Type of ownership of the current licensed entity (check one of the following:) \_\_\_\_\_ Sole Proprietorship  
\_\_\_\_\_  
Not-for-Profit Corporation \_\_\_\_\_ For Profit Corporation XX Partnership \_\_\_\_\_ Governmental  
\_\_\_\_\_  
Limited Liability Company \_\_\_\_\_ Other, specify \_\_\_\_\_  
Illinois State Senator for the district where the facility is located: Sen. Gary Forby  
State Senate District Number 59 Mailing address of the State Senator  
903 W. Washington, Suite 5, Benton, IL 62812  
Illinois State Representative for the district where the facility is located: Rep. John Bradley  
State Representative District Number 117 Mailing address of the State Representative  
501 W. DeYoung, Suite 5, Marion, IL 62959

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

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

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

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

Exact Legal Name of Applicant Cirurgia Centro, LLC  
Address 6530 Moake School Road  
City, State & Zip Code Marion, IL 62959  
Type of ownership of the current licensed entity (check one of the following:) \_\_\_\_\_ Sole Proprietorship  
\_\_\_\_\_  
Not-for-Profit Corporation \_\_\_\_\_ For Profit Corporation \_\_\_\_\_ Partnership \_\_\_\_\_ Governmental  
XX Limited Liability Company \_\_\_\_\_ Other, specify \_\_\_\_\_

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

Exact Legal Name of Entity to be Licensed Marion Surgical Center, Ltd.  
Address 806 N. Treas  
City, State & Zip Code Marion, IL 62959  
Type of ownership of the current licensed entity (check one of the following:) \_\_\_\_\_ Sole Proprietorship  
\_\_\_\_\_  
Not-for-Profit Corporation \_\_\_\_\_ For Profit Corporation \_\_\_\_\_ Partnership \_\_\_\_\_ Governmental  
XX Limited Liability Company \_\_\_\_\_ Other, specify \_\_\_\_\_

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

Exact Legal Name of Entity That Will Own the Site Marion Surgical Center, Ltd.  
Address 806 N. Treas  
City, State & Zip Code Marion, IL 62959  
Type of ownership of the current licensed entity (check one of the following:) \_\_\_\_\_ Sole Proprietorship  
\_\_\_\_\_  
Not-for-Profit Corporation \_\_\_\_\_ For Profit Corporation \_\_\_\_\_ Partnership \_\_\_\_\_ Governmental  
XX Limited Liability Company \_\_\_\_\_ Other, specify \_\_\_\_\_

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

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

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

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

**11. ANTICIPATED ACQUISITION PRICE:** \$ 1,512,500.00

**12. FAIR MARKET VALUE OF THE FACILITY:** \$ 1,512,500.00  
(to determine fair market value, refer to 77 IAC 1130.140)

**13. DATE OF PROPOSED TRANSACTION:** April 30, 2011

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

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

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

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

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

Name: Ronald E. Osman

Address: 1602 W. Kimmel/P.O. Box 939

City, State & Zip Code: Marion, IL 62959

Telephone (618) 997-5151

Ext. \_\_\_\_\_

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

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City, State & Zip Code: \_\_\_\_\_  
 Telephone ( ) \_\_\_\_\_ Ext. \_\_\_\_\_

20. **CERTIFICATION**

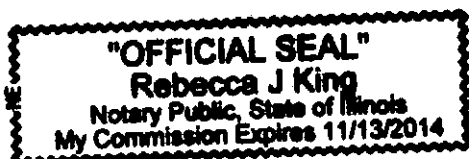
I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action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

Signature of Authorized Officer Ronald E Osman  
 Typed or Printed Name of Authorized Officer Ronald E. Osman  
 Title of Authorized Officer: Manager  
 Address: 1602 W. Kimmel  
 City, State & Zip Code: Marion, IL 62959  
 Telephone ( 618 ) 997-5151 Date: \_\_\_\_\_

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

STATE OF ILLINOIS )  
 ) SS.  
 COUNTY OF WILLIAMSON )

Subscribed and sworn to before me this 27th day of January, 20 11.



Rebecca J. King  
 Notary Public

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

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City, State & Zip Code: \_\_\_\_\_  
 Telephone ( ) \_\_\_\_\_ Ext. \_\_\_\_\_

20. **CERTIFICATION**

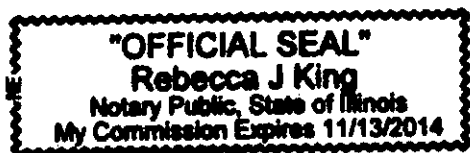
I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action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

Signature of Authorized Officer Ronald E. Osman  
 Typed or Printed Name of Authorized Officer Ronald E. Osman  
 Title of Authorized Officer: \_\_\_\_\_  
 Address: 1602 W. Kimmel  
 City, State & Zip Code: Marion, IL 62959  
 Telephone ( 618 ) 997-5151 Date: \_\_\_\_\_

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

STATE OF ILLINOIS                    )  
   ) SS.  
 COUNTY OF WILLIAMSON            )

Subscribed to and sworn to before me this 27<sup>th</sup> day of January, 2011.



Rebecca J. King  
 Notary Public

# APPENDIX A

5

## FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE

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

Surgery Center of  
FACILITY NAME Southern Illinois CITY: Marion

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

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

2. Provide the bed capacity by category of service:

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

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

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

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

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

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

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

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

**CERTIFICATION  
TO EXHIBIT A**

This certifies that the surgical specialties and categories of service listed on Appendix A will not change for at least twelve (12) months following approval of the application.

This further certifies that the Applicant, Cirurgia Centro, LLC, and Co-Applicant, Ronald E. Osman, will maintain ownership and control of the facilities for a minimum of three (3) years.

RONALD E. OSMAN



CIRURGIA CENTRO, LLC

  
By: Ronald E. Osman, Manager

STATE OF ILLINOIS

)

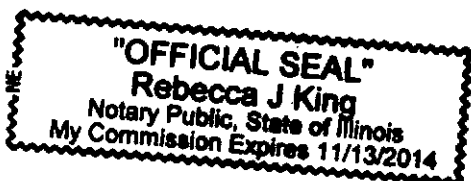
SS.

COUNTY OF WILLIAMSON

)

I, Rebecca J. King, a notary public in and for the said County in the State aforesaid, do hereby certify that **RONALD E. OSMAN**, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and notarial seal this 27th day of January, 2011.

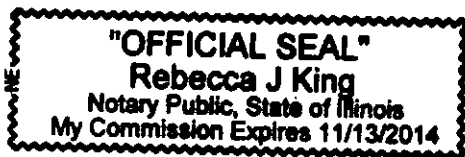
  
Notary Public

CERTIFICATION  
TO EXHIBIT A

STATE OF ILLINOIS                    )  
  )     SS.  
COUNTY OF WILLIAMSON            )

I, Rebecca J. King, a notary public in and for the said County in the State aforesaid, do hereby certify that **RONALD E. OSMAN**, personally known to me to be the **MANAGER** of **CIRURGIA CENTRO, LLC** and same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and notarial seal this 27th day of January, 2011.



Rebecca J. King  
Notary Public



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## ATTACHMENT 2

### FUNDING

The funding for the purchase of the controlling interest in Marion Surgical Center, Ltd., through its holding company, Marion Holdings, LLC by Cirurgia Centro, LLC, which is solely owned by Ronald E. Osman, will come from cash provided from the personal account of Ronald E. Osman. Mr. Osman has contributed capital in the amount of \$1,600,000 to Cirurgia Centro, LLC. (See attached financial statement and bank statement).

Note that \$175,000 of the purchase price has been paid in escrow pending approval of the Illinois Health Facilities Planning Board.

1:26 PM  
01/27/11  
Accrual Basis

**Cirurgia Centro LLC**  
**Balance Sheet**  
As of January 27, 2011

	Jan 27, 11
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Bank of Marion	1,424,950.00
Total Checking/Savings	1,424,950.00
Other Current Assets	
Deposit on Membership Interest	175,000.00
Total Other Current Assets	175,000.00
Total Current Assets	1,599,950.00
<b>TOTAL ASSETS</b>	<b>1,599,950.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
Owner's Capital	
Contributed Capital	1,600,000.00
Total Owner's Capital	1,600,000.00
Net Income	-50.00
Total Equity	1,599,950.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,599,950.00</b>



300 Tower Square • P.O. Box 580 • Marion, Illinois 62959 • (618) 997-4341  
[www.bankofmarion.com](http://www.bankofmarion.com)

January 27, 2011

To Whom It May Concern:

Please accept this letter as a balance confirmation for CIRURGIA CENTRO, LLC. As of January 27, 2011, the current available balance for CIRURGIA CENTRO, LLC is \$1,424,950.00.

If you have any questions, please feel free to call me.

Thank you,

Tara R Broy

Vice President

The Bank of Marion

[tbroy@bankofmarion.com](mailto:tbroy@bankofmarion.com)

Ph. (618) 997-4341 ext. 1225

Fax: (618) 997-2435

### ATTACHMENT 3

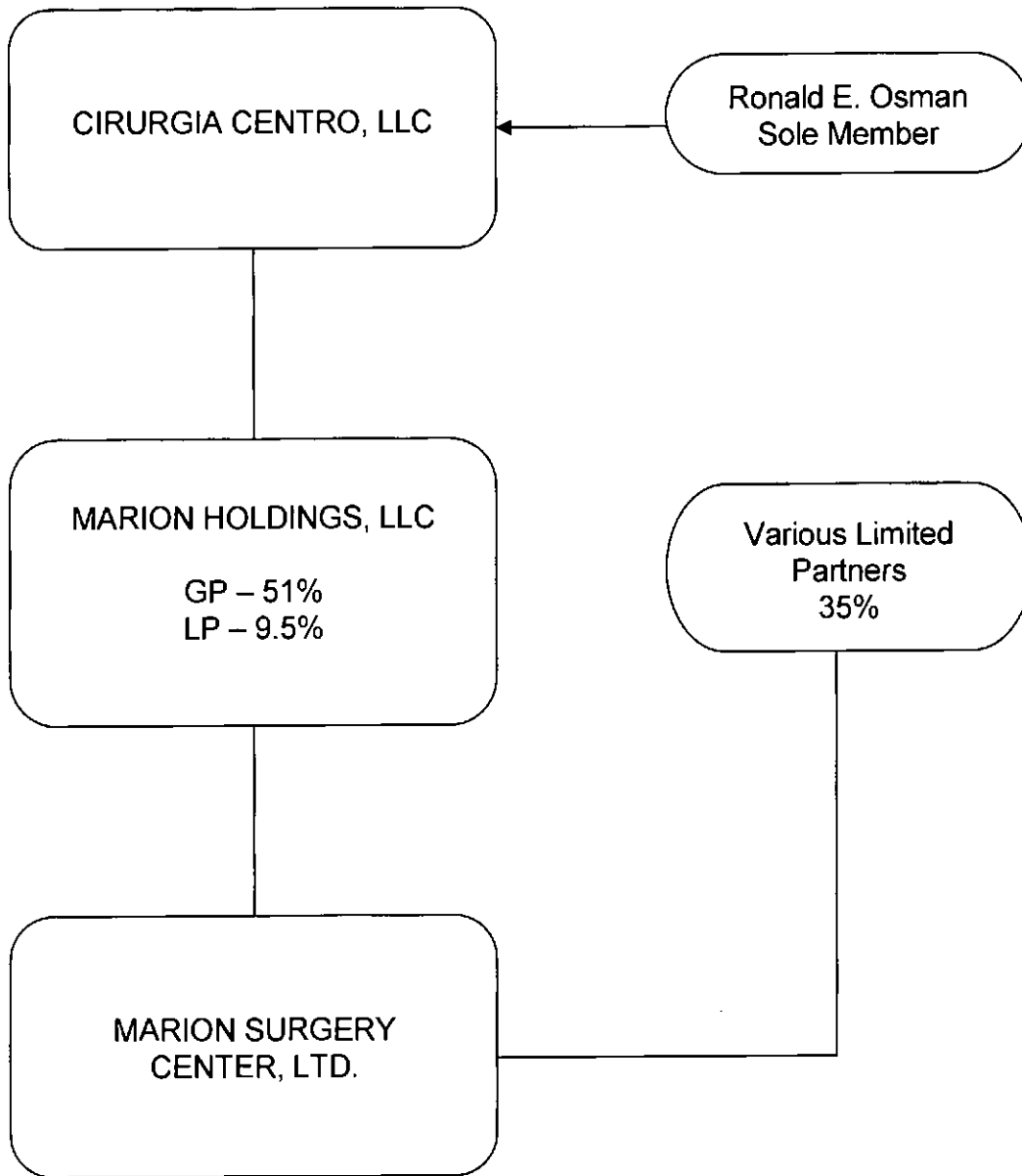
#### NARRATIVE OF THE TRANSACTION

Cirurgia Centro, LLC, an Illinois Limited Liability Company, whose sole member is Ronald E. Osman, is purchasing One Hundred Percent (100%) of the membership interest of Marion Holdings, LLC, a Delaware Limited Liability Company, that owns 51 general partner units and 9.6 limited partner units of Marion Surgical Center, Ltd., an Illinois Limited Partnership formed and existing under the laws of Illinois. Upon completion of the transaction, Marion Holding, LLC will own 51 general partner units and 9.5 limited partner units. The remaining 39.5 limited partner units are owned as shown by the below table:

<u>Name</u>	<u>Address</u>	<u>Owner Type</u>	<u>Number of Units</u>
Maqbool Ahmad, M.D.	26 Cardinal Drive Murphysboro, IL 62966	LP	30
George Ortiz, M.D.	1488 Boskydell Road Carbondale, IL 62901	LP	2
RJO, LP	17602 Ailanthus Drive Chesterfield, MO 63005-4281	LP	2
Ukeme Umana	#3 Waldon Road Carbondale, IL 62901	LP	1
Paducah Bank & Trust Co FBO Paul Brian Juergens, M.D.	364 Lake Indian Hills Carbondale, IL 62901	LP	3.5
William P. Hess, Sr. DPM	1506 W. Main St. Marion, IL 62959	LP	1

The organizational chart is as follows:

ATTACHMENT 3



## ATTACHMENT 4

### BACKGROUND OF APPLICANT

Upon completion of the transaction, the general partner units of Marion Surgical Center, Ltd. will be owned by Marion Holdings, LLC, which in turn is owned by Cirurgia Centro, LLC, whose sole member is Ronald E. Osman. A Certificate of organization and good standing for Cirurgia Centro, LLC is attached. The names and addresses of the general and limited partners after completion of the transaction are as follows:

<u>Name</u>	<u>Address</u>	<u>Owner Type*</u>	<u>Number of Units</u>
Marion Holdings, LLC	6530 Moake School Road Marion, IL 62959	GP	51
Marion Holdings, LLC	6530 Moake School Road Marion, IL 62959	LP	9.5
Maqbool Ahmad, M.D.	26 Cardinal Drive Murphysboro, IL 62966	LP	30
George Ortiz, M.D.	1488 Boskydell Road Carbondale, IL 62901	LP	2
RJO, LP	17602 Ailanthus Drive Chesterfield, MO 63005-4281	LP	2
Ukeme Umana	#3 Waldon Road Carbondale, IL 62901	LP	1
Paducah Bank & Trust Co FBO Paul Brian Juergens, M.D.	364 Lake Indian Hills Carbondale, IL 62901	LP	3.5
William P. Hess, Sr. DPM	1506 W. Main St. Marion, IL 62959	LP	1

\* GP = General Partner; LP = Limited Partner

Ronald E. Osman is 64 years old and has been a licensed attorney in the State of Illinois since April 25, 1979. He is admitted to practice in state and federal court in several jurisdictions and has prosecuted federal court cases in several states. He has always



#### ATTACHMENT 4

jurisdictions and has prosecuted federal court cases in several states. He has always practiced in the healthcare field, representing physicians, clinics, hospitals and other health care organization. He successfully prosecuted two of the largest Medicare Carrier fraud cases in the country pursuant to the Federal False Claims Act in addition to numerous other false claims cases. The Government's recovery from these cases has exceeded \$230,000,000.

Mr. Osman was one of the founding members of the Dongola Clinic, Inc. and Rural Health, Inc., a rural health initiative to serve medically underserved areas in Dongola, Illinois and Anna, Illinois, both in Union County, Illinois. He was the attorney for and part owner of the American Eye Institute, Inc., New Route 13, Marion, Illinois, who in 1986 was issued Certificate of Need Number 84132 by the Illinois Health Facilities Board. Mr. Osman was responsible for overseeing the construction of the American Eye Institute Center, purchasing the equipment, obtaining the staffing, licensing and day to day operations of the center until it was sold to Medivision, Inc. in May 1988. This center was subsequently sold to Healthsouth Corporation, who in turn sold it to Surgical Centers of America, who are the present owners of Marion Holdings, LLC.

In addition to American Eye Institute, Mr. Osman has represented four additional Illinois entities in obtaining either a Certificate of Need or Exemption from Certificate of Need from the Health Facilities Planning Board and also performed these services for one surgical center in the State of Nebraska. He is well versed in all aspects of operating an outpatient surgical center and, due to his expertise with the Federal False Claims Act, is especially qualified to insure compliance with the various statutes, rules and regulations concerning medical service to Medicare and Medicaid beneficiaries.

#### **ATTACHMENT 4**

Mr. Osman is presently on the Board of Directors of Biovest International, Inc., a publically traded company that is developing a cancer vaccine, and a large investor in Accentia, Inc., a biopharmaceutical company presently involved in clinical trials for the treatment of Multiple Sclerosis and other autoimmune diseases.

No adverse action has ever been taken against Mr. Osman or the applicant by the federal government, any licensing or certifying bodies or any other agency of the State of Illinois against any healthcare facility owned or operated by Mr. Osman or the applicant, directly or indirectly.

Mr. Osman's CV is attached.

## **Curriculum Vitae of Ronald E. Osman**

### **Business Address:**

Ronald E. Osman & Associates, Ltd.  
1602 W. Kimmel/P.O. Box 939  
Marion, IL 62959  
(618) 997-5151

### **Education:**

University of Illinois, Champaign, Illinois  
Bachelor of Science in Agriculture, 1968

Southern Illinois University, Carbondale, Illinois  
Juris Doctorate, 1979

### **Military Service:**

United States Marine Corp, 1969 - 1972  
Commanding Officer of Artillery Battery and Headquarters Company  
Officer of the Deck qualification, United States Navy

### **Professional Activities:**

Illinois Bar Association, Member  
Illinois Trial Lawyers Association, Member  
National Health Lawyers Association, Member  
Dongola Clinic, Board of Directors  
Rural Health, Inc., Founding Member  
Southern Illinois University School of Law Moot Court, Judge  
Accentia Biopharmaceuticals, Inc., Board of Directors  
Biovest International, Inc., Board of Directors  
Appistry, Inc., Board of Directors

### **Representative Cases:**

U.S. ex rel. Evelyn M. Knoob v. Health Care Service Corporation d/b/a Blue Cross and Blue Shield of Illinois, United States District Court, Southern District of Illinois, Cause No. 95-4071-JLF. Relator's counsel in *qui tam* litigation against Medicare contractor. Civil settlement of \$140,000,000 was reached in July, 1998.

Related criminal investigation resulted in criminal indictment of the contractor and six (6) of its employees.

Dennis Swink v. KLM Trucking Company, Circuit Court for the First Judicial Circuit, Union County, Illinois. Plaintiff's counsel in personal injury case. Jury award of \$13,250,000 in 1991.

United States of American, ex rel., Riggs v. General American Life Insurance Company, United States District Court, Eastern District of Missouri, Cause No. 4-99CV00608RWS. Relator's counsel in *qui tam* litigation against a Medicare contractor. Civil settlement of \$76,000,000 reached in June, 2002. Related criminal investigation has resulted in criminal indictments of two (2) employees of the contractor.

United States of America ex rel. Michelle Bigham v. W. David Rommel, DDS, United States District Court, Southern District of Illinois, Cause No. 03-4048-JPG. Relator's counsel in *qui tam* litigation against dentist for submission of fraudulent claims to Illinois Medicaid. Civil Judgment entered against defendant for damages of \$2,481,320.25 and civil penalties of \$235,422,000.

#### Expert Testimony:

September, 1999 - Testimony before the Senate Committee on Commerce, Subcommittee on Oversight and Investigation, "How Healthy are the Government's Medicare Fraud Fighters?"

November, 1999 - Expert testimony regarding attorney fees in United States of America, ex. rel. Carol Figurski and Suzanne Rospappa v. Forest Health Systems, United States District Court, Northern District of Illinois, Cause No. 96-C-4663.

Declaration testimony - Reasonableness of attorneys fees in *qui tam* litigation in the matter of United States of America ex rel. Thomas J. Poulton, M.D. v. Anesthesia Associates of Burlington, Inc., et al., United States District Court, District of Vermont, Cause No. 2:99-CV-269.

#### Conference/Seminar Presentations:

*The Qui Tam Attorney's Role in False Claims Act Litigation*, Affirmative Civil Enforcement Training Conference for Agency Personnel, sponsored by the United States Department of Justice, United States Attorneys Offices for the Southern District of Illinois and Eastern District of Missouri, January, 1999

*False Claims Act and Qui Tam Litigation in Carriers and Fiscal Intermediaries*, Second Annual National Congress on Health Care Compliance, sponsored by the Health Care Compliance Association, February, 1999

*Remedies Available Under the Federal False Claims Act and Illinois Whistleblower Reward and Protection Act*, Hot Topics in Trial Advocacy, sponsored by the Illinois Trial Lawyers Association, February, 1999

*Remedies Available under the Illinois Whistleblower Reward and Protection Act*, 1999 Illinois Association of School Boards Semi-Annual Conference, February, 1999

*The Transition from Law Student to Lawyer*, Southern Illinois University School of Law, April, 1999

*Information on The Federal False Claims Act, 31 U.S.C. §§ 3729 - 3733, and The Illinois Whistleblower Reward and Protection Act, 740 ILCS 175/1, et seq.*, Illinois Bar Association, Advanced Health Care Compliance: Practical Guidance for Interpreting and Applying the Fraud Laws, sponsored by the Illinois State Bar Association, April, 1999

*No Controlling Legal Precedent: Creative Litigation Techniques for the Relator, the Government, and the Defendants*, Qui Tam Provisions of the False Claims Act Conference 2000, sponsored by Mealy Publications, Inc., June, 2000

*Tax Issues for Relators*, Taxpayers Against Fraud Conference for Relator's Counsel, sponsored by Taxpayers Against Fraud, February, 2001

*False Claims Act Legislation/Lobbying Activities:*

February, 1999 - Press conference regarding need for local Illinois municipalities to adopt provision of Illinois Whistleblower Reward and Protection Act

March, 1999 - Assistance with background information for possible state-level false claims legislation in Missouri

November, 1999 - Meeting of Relator's counsel with senior officials of Department of Justice Civil Division to discuss False Claims Act legislation

January, 2002 - Liability standards for Medicare Contractors, H.R. 3391 and S. 1738.

Dated: January 24, 2011



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

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

CIRURGIA CENTRO, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JANUARY 24, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 1102700476

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

*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JANUARY A.D. 2011 .*

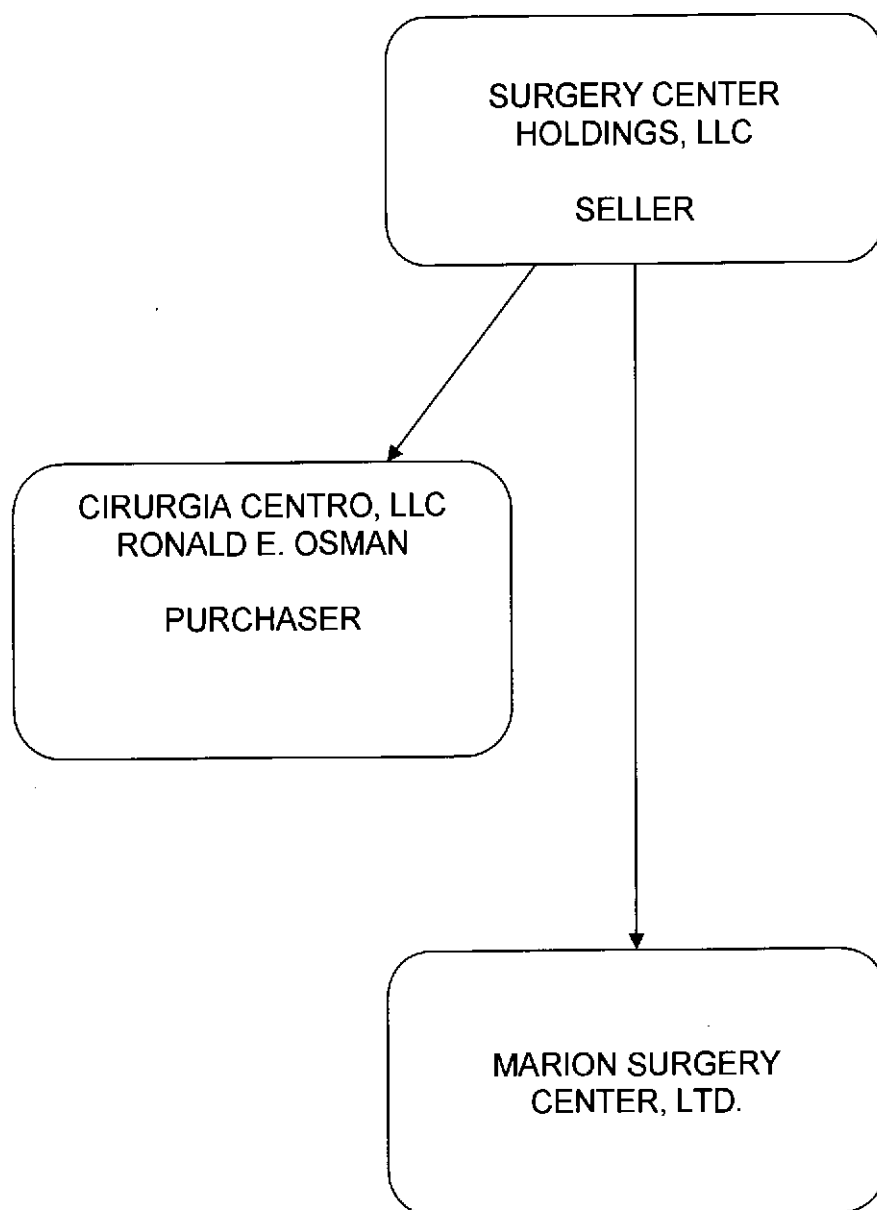
*Jesse White*

SECRETARY OF STATE

## ATTACHMENT 5

### TRANSACTION DOCUMENTS

See attached. The organization chart for the transaction documents is as follows:



## **MEMBERSHIP INTEREST PURCHASE AGREEMENT**

**THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT** (this "**Agreement**") is made and entered into as of this 27<sup>th</sup> day of January, 2011 (the "**Execution Date**") by and among **CIRURGIA CENTRO, LLC** an Illinois limited liability company ("**Purchaser**"), **RONALD E. OSMAN** ("**Osman**") and **SURGERY CENTER HOLDING, LLC** ("**Seller**"). **MARION SURGERY CENTER, LTD.**, an Illinois limited partnership ("**Partnership**") joins in the execution of this Agreement solely for purposes of Sections 1.2, 2.3, 2.4, 2.6, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6 and 8.8. **SURGICAL CARE AFFILIATES, LLC**, a Delaware limited liability company, ("**SCA**") joins in the execution of this Agreement solely for purposes of Sections 2.3, 2.4, 8.4, 8.5, 8.6 and 8.8.

### **BACKGROUND STATEMENT**

**WHEREAS**, Seller owns all of the issued and outstanding membership interest (the "**Seller Interest**") of Marion Holdings, LLC ("**Marion**");

**WHEREAS**, Marion owns fifty-one (51) General Partner Units and 9.5 Limited Partner Units in the Partnership;

**WHEREAS**, the operation of the Partnership is governed by that certain Limited Partnership Agreement of Marion Surgery Center, Ltd. dated as of April 1, 1993 as amended by that certain First Amendment to Agreement of Limited Partnership of Marion Surgery Center, Ltd. dated September 19, 2002 and that certain Second Amendment to Limited Partnership Agreement of Marion Surgery Center, Ltd. dated November 10, 2005 (collectively the "**Partnership Agreement**");

**WHEREAS**, the Partnership owns and operates an outpatient surgery center located at 806 North Treas, Marion, Illinois (the "**Center**");

**WHEREAS**, Osman is the sole member and manager of Purchaser;

**WHEREAS**, Seller desires to sell and Purchaser desires to purchase the Seller Interest from Seller, subject to the terms and conditions set forth herein.

**WHEREAS**, Seller is a subsidiary of SCA;

**WHEREAS**, SCA (as successor-in-interest to HealthSouth Corporation) and the Partnership are parties to that certain Management Agreement dated as of the 10<sup>th</sup> day of November, 2005 (the "**SCA Management Agreement**");

**WHEREAS**, SCA (as successor-in-interest to HealthSouth Corporation) and the Partnership are parties to that certain Employee Lease dated as of the 30<sup>th</sup> day of November, 2005 (the "**SCA Employee Lease**"); and

**WHEREAS**, the Partnership and SCA desire to terminate the SCA Management Agreement and the SCA Employee Lease effective upon the closing of the sale of the Seller Interest to Purchaser.

**NOW, THEREFORE**, in consideration of the promises and mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:



**1. Seller Interest; Acknowledgement; Definitions.**

**1.1 Purchase of Seller Interest.** Subject to the terms and conditions of this Agreement, Seller agrees to sell, transfer, convey, and deliver to Purchaser and Purchaser agrees to purchase at Closing (as hereinafter defined) the Seller Interest. Seller shall transfer the Seller Interest to Purchaser free and clear of any mortgage, lien, pledge, or security interest.

**1.2 Acknowledgement.** SCA has permitted the Partnership to utilize certain assets owned by SCA in the operation of the Center, including the following: (i) all computer software and licenses therefor, including but not limited to information systems or operating system software and related software and programs licensed to SCA or its affiliates (including Microsoft Operating Systems, Microsoft Office Professional, Trend antivirus, any Source Medical Technology products and any other package currently installed on computing hardware at the Center), scheduling systems, cash management systems, billing systems, business and policy manuals, other manuals, and any other proprietary information of SCA, including, without limitation, that which is contained in the Partnership's employee, operation or other manuals and the Partnership's third party reimbursement systems; (ii) the names and symbols used in connection with the Center which include the name "Surgical Care Affiliates," "SCA," or any variant thereof; (iii) all employee benefit plans of SCA or its affiliates within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which are presently in effect and relate to the operation of the Center, including any assets owned or held by any such plan, and (iv) all records related to the foregoing (all of the foregoing, whether in written or electronic form, as applicable, hereafter referred to collectively as the "SCA Assets"). In addition, the Partnership has entered into certain commitments, contracts, leases and agreements (i) with the Partnership and SCA or its affiliates, or (ii) with third parties that are available to the Partnership and its affiliates only because of their affiliation with SCA or that are contracts under which other SCA facilities are also parties, including, but not limited to, the managed care contracts described on Schedule 1.2 (all of the foregoing, hereafter referred to collectively as the "SCA Contracts"). For purposes of this Section 1.2, an item is "proprietary" to SCA to the extent that it is held by SCA or one of its affiliates under a patent, trademark or copyright or, in the alternative, is an item which represents or describes a unique concept, program or methodology created by or for SCA or one of its affiliates. The Partnership and Purchaser acknowledge and agree that the SCA Assets are proprietary information of SCA and have been or will be removed from the Center at the Closing or promptly thereafter. The Partnership and Purchaser acknowledge and agree that the Partnership's rights under any SCA Contracts shall be terminated, effective as of the Closing. Nothing contained in this Agreement shall be construed as a license or transfer of such SCA Assets, SCA Contracts, or any portion thereof.

**1.3 Interpretation and Select Definitions.** In this Agreement, unless the context otherwise requires:

(a) References to this Agreement include the Schedules and Exhibits hereto (as hereinafter defined);

(b) References to Articles and Sections are references to articles and sections of this Agreement;

(c) References to any party to this Agreement shall include references to its successors and permitted assigns;

(d) References to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal;

(e) References to a "person" shall mean any individual, company, body corporate, association, partnership, limited liability company, firm, joint venture, trust and governmental agency;

(f) The terms "hereof," "herein," "hereby," and any derivative or similar words will refer to this entire Agreement;

(g) References to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the parties from time to time;

(h) References to any law are references to that law as of the Closing Date, unless clearly indicated otherwise, and shall also refer to all rules and regulations promulgated thereunder as of the Closing Date, unless the context requires otherwise;

(i) The word "including" or "include" shall mean including without limitation;

(j) The word "affiliate" shall mean, as to the entity in question, any person or entity that directly or indirectly controls, is controlled by, or is under common control with, the entity in question and any successors or assigns of such entities; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity whether through ownership of voting securities, by contract or otherwise;

(k) The term "Code" shall mean the United States Internal Revenue Code of 1986, as amended;

(l) The term "Licenses" shall include any licenses, permits, consents, approvals, authorizations, registrations, certificates of need, qualifications and certifications of any governmental or administrative agency or authority (whether federal, state or local), including without limitation any Medicare, Medicaid and other provider numbers and CLIA and DEA certifications; and

(m) The word "knowledge" shall mean the actual knowledge of a director, manager or executive officer.

## **2. Purchase and Sale.**

**2.1 Purchase Price.** The purchase price (the "**Purchase Price**") for the Seller Interest shall be one million five hundred twelve thousand two hundred fifty and 00/100 dollars (\$1,512,250.00) and shall be due and payable at Closing (as defined in Section 3.1) by wire transfer to an account designated in writing by Seller.

**2.2 Required Consent.** The Illinois Health Facilities Planning Board must approve the transfer of the Seller Interest (the "**Required Consent**") prior to Closing. Purchaser shall be responsible for obtaining the Required Consent, and Purchaser shall bear all expenses and costs related thereto.

**2.3 Satisfaction of the SCA Loan.** The Partnership has a loan with a current balance as of December 31, 2010 of approximately \$165,247.00 (the "**SCA Loan**") due to SCA. As a condition to Closing, Purchaser shall satisfy or cause the Partnership to satisfy the obligations of the Partnership to SCA under the SCA Loan in full, including but not limited to the payment of all accrued interest and remaining principal under the SCA Loan as of the Closing Date. Upon satisfaction of the SCA Loan, SCA shall cause the termination of that certain Indenture dated the

14<sup>th</sup> day of September 2005 between the Partnership and HealthSouth Corporation filed with the Williamson County Illinois County Clerk and Recorder as Mortgage Record 252, Page 455.

**2.4 Termination of SCA Agreements.** At Closing, SCA and the Partnership shall enter into a Termination Agreement in substantially the form of Exhibit 2.4 under the terms of which the Partnership and SCA shall mutually agree to terminate the SCA Management Agreement and the SCA Employee Lease (collectively the "SCA Services Agreements").

**2.5 Deposit Fund.** Purchaser acknowledges that the Partnership will likely incur significant expenses operating the Center while Purchaser seeks to obtain the Required Consent (as defined in Section 2.2) and as a result the Partnership may experience a negative cash flow between the date of this Agreement and Closing. Upon execution and delivery of this Agreement, Purchaser shall remit a nonrefundable deposit in the amount of seventy-five thousand and 00/100 dollar (\$75,000.00) (the "Deposit Fund") to SCA. If the Partnership's revenues from operations are insufficient to meet the Center's monthly operating expenses (including but not limited to the current portion of the SCA Loan, as defined in Section 2.3), the Partnership may withdraw an amount from the Deposit Fund necessary to satisfy all expenses of the Partnership that exceed the available cash from operations of the Partnership. If at any time the balance of the Deposit Fund is less than seventy-five thousand and 00/100 dollars (\$75,000.00), Seller may provide Purchaser with written notice of its intent to terminate this Agreement (a "Termination Notice"). Purchaser shall have five (5) business days from the date the Termination Notice is delivered to Purchaser to deposit or cause to be deposited an additional sum of money into the Deposit Fund sufficient to bring the available balance of the Deposit Fund to seventy-five thousand and 00/100 dollars (\$75,000.00). If Purchaser fails to deposit or cause such sum to be deposited into the Deposit Fund within such five (5) business day period, Seller may, at its sole option, terminate this Agreement without incurring any further obligation to Purchaser, and shall be entitled to retain any balance remaining in the Deposit Fund. If there is a balance remaining in the Deposit Fund at Closing, such amount shall applied to the Purchase Price. If this Agreement is terminated for any other reason, the balance of the Deposit Fund shall be retained by SCA.

**2.6 Excess Cash Distribution.** If the Partnership has cash in excess of two hundred thirty thousand and 00/100 dollars (\$230,000.00) (the "Target Cash Amount") on the day immediately preceding the date of this Agreement, the Partnership shall make a pro rata distribution to the partners of the Partnership in an amount equal to the excess of the actual cash on hand over the Target Cash Amount (the "Excess Cash Distribution"). The aforementioned distribution may be made on the Execution Date or within forty-five (45) days after the Execution Date. If Seller receives any distribution from the Partnership after the Execution Date, other than the Excess Cash Distribution, Purchaser shall receive a credit toward the Purchase Price in an amount equal to such distribution.

**2.7 Liquidated Damages.** Upon execution of this Agreement, Seller, Purchaser and First Commercial Bank, a division of Synovus Bank, a Georgia banking corporation (the "Escrow Agent") shall enter into an Escrow Agreement in substantially the form of Exhibit 2.7 under the terms of which Purchaser shall deposit the sum of one hundred thousand and 00/100 dollars (\$100,000.00) (the "Escrow Fund") with Escrow Agent. In the event this Agreement is terminated under Section 9.1(b) or 9.1(c) or Purchaser has not obtained the Required Consent on or before the expiration of nine (9) months from and after the Execution Date, Escrow Agent shall distribute the Escrow Fund to Seller. In the event the transactions contemplated by this Agreement are consummated or this Agreement is terminated under Section 9.1(a), Escrow Agent shall distribute the Escrow Fund to Purchaser.

**2.8 Indemnification.** By letter dated January 27<sup>th</sup>, 2011 (the "Disclosure Letter"), Seller and SCA notified Osman and Purchaser of certain potential and threatened claims against

SCA, Seller, Marion and the Partnership. As a material inducement for SCA and Seller to enter into this Agreement, Osman and Purchaser hereby jointly and severally agree to defend and indemnify SCA, Seller, Marion and their respective officers, managers, employees and agents with respect to any claim by any of the individuals, entities or classes of individuals or entities referenced in the Disclosure Letter or any exhibits thereto as having threatened a claim, made a claim or which SCA and Seller believe may threaten or file a claim in the future (i) related to, or arising out of or from the transactions contemplated in this Agreement; (ii) in any way related to or arising out of or from SCA's, Seller's or Marion's interest in the Partnership; and/or (iii) any acts or omissions or alleged acts or omissions on the part of SCA, Seller or Marion related to or arising out of or from Marion's position as the general partner of the Partnership or the duties of SCA or its officers, managers, employees or agents under the SCA Services Agreements. Osman and Purchaser acknowledge and agree that the obligation to defend and indemnify under this Section shall survive the termination of this Agreement and/or the Closing. Osman and Purchaser further acknowledge and agree that the obligation to defend and indemnify under this Section shall not be affected by the failure of Osman and/or Purchaser to obtain the Required Consent. Neither Osman nor Purchaser shall have any right, without prior written consent of the party subject to indemnification to (A) compromise or settle any claim on behalf of a person or entity subject to indemnification under this Section unless (i) there is no finding or admission of any violation of an law or any violation of the rights of any such person or entity subject to indemnification; (ii) the sole relief provided is monetary damages that are paid in full by Osman and Purchaser; and (iii) the person or entity subject to indemnification shall have no liability with respect to any compromise or settlement without his, her or its consent or (B) file any counter claim on behalf of any person or entity subject to indemnification without the consent of such person whose consent may not be unreasonably withheld.

### **3. Closing.**

**3.1 Closing Date.** Subject to the satisfaction or waiver of the Condition to Closing in Section 4 hereof, the closing ("**Closing**") of the transactions contemplated by this Agreement shall take place on a date and at a location mutually agreeable to the parties within thirty (30) days after Purchaser notifies Seller that Purchaser has received the Required Consent (the "**Closing Date**"). In the event the parties are unable to mutually agree upon a place and date the Closing shall take place on the thirtieth (30<sup>th</sup>) day after Purchaser notifies Seller that it has received the Required Consent. Closing shall be effective for accounting and all other purposes as of 12:01 a.m. Central Time on the Closing Date (the "**Effective Time**").

**3.2 Seller's Deliverables.** At Closing, Seller shall deliver, or cause to be delivered, to Purchaser the following:

- (a) A copy of the resolutions of the managers or member of Seller authorizing the execution, delivery and performance of this Agreement by Seller;
- (b) An executed Assignment of Seller Interest in favor of Purchaser in substantially the form attached as Exhibit 3.2(b);
- (c) Proof of insurance as required by Section 8.5; and
- (d) Seller's certificate described in Section 10.1.

**3.3 Purchaser's Deliverables.** At Closing, Purchaser shall deliver, or cause to be delivered, to Seller the following:

- (a) A copy of the resolutions of the Member and Manager of Purchaser authorizing the execution, delivery and performance of this Agreement by Purchaser;

- (b) The Purchase Price, in accordance with Section 2.1;
- (c) Proof of insurance as required by Section 8.5; and
- (d) Purchaser's certificate described in Section 10.1.

#### **4. Conditions to Closing.**

**4.1 Conditions to Obligation of Seller.** The obligation of Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions (any of which may be waived by Seller in whole or in part):

(a) no action, suit, or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affect materially and adversely the right of the Partnership to own its assets and to operate its businesses as operated at Closing (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(b) the Partnership shall have executed and delivered the Termination Agreement and remitted all such sums due and payable by the Partnership as described in the Termination Agreement;

(c) Purchaser shall have delivered the instruments and documents described in Section 3.3;

(d) Purchaser shall have obtained the Required Consent;

(e) Purchaser purchases the entire Seller Interest; and

(f) The representations and warranties of Purchaser made in this Agreement (considered collectively) and each of the representations and warranties (considered individually), shall be true and correct in all material respects: (i) as of the date hereof; and (ii) on and as of Closing Date, as though made on such date. Purchaser shall have performed or complied in all material respects with all obligations and covenants required by this Agreement at or prior to the Closing Date (considered collectively), and each of these covenants and obligations (considered individually), shall have been performed and complied with in all material respects on or before the Closing Date.

**4.2 Conditions to Obligation of Purchaser.** The obligation of Purchaser to consummate the transactions to be performed by it in connection with the Closing is subject to the satisfaction of the following conditions (any of which may be waived by Purchaser in whole or in part):

(a) no action, suit, or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement, (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affect materially and adversely the right of the Partnership to own its assets and to operate its businesses as operated at Closing (and no such injunction, judgment, order, decree, ruling, or charge

shall be in effect);

(b) the Partnership and Seller shall have executed and delivered the Termination Agreement;

(c) Seller shall have delivered the instruments and documents described in Section 3.2;

(d) Purchaser shall have obtained the Required Consent;

(e) the Partnership's equipment and real estate shall not be adversely affected or threatened to be affected in any way as a result of any fire, explosion, earthquake, disaster, accident, act of God or any action or threatened action by any governmental authority; and

(f) the representations and warranties of Seller made in this Agreement (considered collectively) and each of the representations and warranties (considered individually), shall be true and correct in all material respects: (i) as of the date hereof; and (ii) on and as of Closing Date, as though made on such date. Seller shall have performed or complied in all material respects with all obligations and covenants required by this Agreement at or prior to the Closing Date (considered collectively), and each of these covenants and obligations (considered individually), shall have been performed and complied with in all material respects on or before the Closing Date.

**5. Representations and Warranties of Seller.** Seller represents and warrants to Purchaser as follows:

**5.1 Organization and Enforcement.** Seller is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. Seller has the requisite power and authority to enter into this Agreement, perform its obligations hereunder and to conduct its business as now being conducted. Marion is a limited liability company duly formed and validly existing and in good standing under the laws of the State of Delaware.

**5.2 Authorization; Absence of Conflicts.** The execution, delivery and performance of this Agreement by Seller and all other agreements referenced in or ancillary hereto to which it is a party and the consummation of the transactions contemplated herein by Seller: (a) are within Seller's limited liability company powers, are not in contravention of the terms of its Certificate of Formation or Operating Agreement or any amendments thereto and have been duly authorized by all necessary limited liability company action; (b) except for the Required Consent, do not require Seller to obtain any approval or consent of, or make any filing with, any governmental agency or authority bearing on the validity of this Agreement which is required by law or the regulations of any such agency or authority; (c) will not violate, conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or cause the acceleration of the maturity of any debt or obligation of Seller, and will not result in the creation of any lien, charge or encumbrance on or affecting the Seller Interest; and (d) will not violate any judgment of any court or governmental authority to which Seller is subject.

**5.3 Binding Agreement.** This Agreement and all agreements to which Seller will become a party hereunder are and will constitute the valid and legally binding obligation of Seller, and are and will be enforceable against it in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy, insolvency or other similar laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

**5.4 Seller Interest.** At Closing, Seller will convey to Purchaser, pursuant to this Agreement, good title to the Seller Interest, subject to no mortgage, lien, pledge, security interest, conditional sales agreement, right of first refusal, purchase option, monetary encumbrance or charge created by, through or under Seller.

**5.5 Outstanding Debt.** Neither Seller nor Partnership has any outstanding loans except as set forth in Schedule 5.5 and is not a guarantor or otherwise contingently liable for any other loans.

**5.6 Taxes.** Seller and Partnership have filed within the time prescribed by law (including extensions of time approved by the appropriate taxing authority) all income tax returns and reports required to be filed with the United States Internal Revenue Service, with the State of Illinois and with all other jurisdictions where such filings are required by law. The Seller knows of (a) no other income tax returns or reports which are required to be filed by Seller or Partnership which have not been so filed and (b) no unpaid assessment for additional taxes of Seller or Partnership for any fiscal period or any basis therefor. The Partnership's income tax returns have not been audited by the United States Internal Revenue Service nor by any state taxing authority, and neither Seller nor Partnership have executed any waiver of any statute of limitations on the assessment or collection of any tax.

**5.7 Litigation.** Except as described in the Disclosure Letter, there is neither pending nor, to the Seller's knowledge, threatened, any action, suit, proceeding or claim, whether or not purportedly on behalf of Seller or Partnership, to which Seller or Partnership is or may be named as a party.

**5.8 Title to Properties; Liens and Encumbrances.** Except as set forth on Schedule 5.8, the Partnership is the sole owner of all of its properties and assets, free and clear of all mortgages, security interests, liens, claims or other encumbrances, except liens for current taxes not yet due and minor liens and encumbrances which do not materially impair the operations of the Partnership.

**6. Representations and Warranties by Purchaser.** Purchaser and Osman jointly and severally represent and warrant to Seller as follows:

**6.1 Organization and Enforcement.** Purchaser is an Illinois limited liability company duly formed, validly existing and in good standing under the laws of the State of Illinois. Purchaser and Osman each have the requisite power and authority to enter into this Agreement, perform its obligations hereunder and to conduct its business as now being conducted.

**6.2 Authorization; Absence of Conflicts.** The execution, delivery and performance of this Agreement by Purchaser and Osman and all other agreements referenced in or ancillary hereto to which they are a party and the consummation of the transactions contemplated herein by Purchaser and Osman: (a) except for the Required Consent, do not require either Purchaser or Osman to obtain any approval or consent of any party, including, but not limited to, any governmental agency or authority which is required by law or the regulations of any such agency or authority; and (b) will not violate, conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under or result in the termination of, or accelerate the performance required by, or cause the acceleration of the maturity of any debt or obligation, any judgment of any court or governmental authority to which either Purchaser or Osman is subject.

**6.3 Binding Agreement.** This Agreement and all agreements to which Purchaser and Osman will become a party hereunder are and will constitute the valid and legally binding obligation

of Purchaser and Osman as applicable, and are and will be enforceable against each of them in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy, insolvency or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

**6.4 Investigation.** Purchaser will have prior to Closing conducted its own independent review and analysis of the business, operations, assets, liabilities, results of operations, and financial condition of the Seller, the Partnership and the Center, and Purchaser acknowledges that it has been provided access to the books and records of the Seller, the Partnership and the Center for such purpose. In entering into this Agreement, Purchaser has solely relied upon its own investigation and analysis.

**6.5 Investment Intent.** Purchaser represents that it is an accredited investor as such term is defined under Rule 501 of the Securities Act of 1933, that Purchaser is acquiring the Seller Interest for investment for such Purchaser's own account and not with a view to, or for resale in connection with, any distribution thereof.

## **7. Pre Closing Covenant.**

**7.1 Access and Investigation.** Between the Execution Date and the Closing Date, and upon reasonable advance notice received from Purchaser, Seller shall use commercially reasonable efforts to cause the Partnership to (i) afford Purchaser and its professional advisors access during regular business hours, to the Partnership's personnel, properties, books and records and other documents and data that the Partnership is not prohibited by law from disclosing to Purchaser, such rights of access to be exercised in a manner that does not interfere with the operations of the Partnership; (ii) furnish Purchaser with financial, operating and other relevant data and information as Purchaser may reasonably request; and (iii) otherwise cooperate and assist, to the extent reasonably requested by Purchaser, with Purchaser's investigation of the properties, assets and financial condition related to the Partnership.

**7.2 Operation of the Business of the Partnership.** Between the Execution Date and the Closing, Seller shall use commercially reasonable efforts, without the obligation to contribute additional capital or advance any expenses to the Partnership, to cause the Partnership to:

- (a) conduct its business in the ordinary course consistent with past practices;
- (b) maintain the Partnership's assets and facilities in good working order and condition as at present, ordinary wear and tear excepted;
- (c) perform all material obligations under agreements relating to or affecting its assets, properties and rights;
- (d) keep in full force and effect present insurance policies or other comparable insurance coverage;
- (e) refrain from entering into any contract or commitment or incurring or agreeing to incur any liability to make any capital expenditures except in the ordinary course of business;
- (f) refrain from increasing the compensation payable or to become payable to any officer, employee or agent or making any bonus payment to such person other than in the ordinary course of business and consistent with past practices;



(g) refrain from creating, assuming or permitting to exist any mortgage, pledge or other lien or encumbrance upon any asset or property owned by the Partnership, whether now owned or hereafter acquired, other than in the ordinary course of business as existing on the Execution Date; and

(h) refrain from selling, assigning, leasing or otherwise transferring or disposing of any property or equipment of the Partnership except in the ordinary course of business.

## **8. Post Closing Covenants.**

**8.1 Post-Closing Access to Information.** SCA, Seller, Purchaser and the Partnership each acknowledge that, subsequent to Closing, each may need access to the Center and to information, documents or computer data (including, without limitation, medical records and billing information) in the control or possession of the other parties for various business purposes, including, without limitation, concluding the transactions contemplated herein and for audits, investigations, compliance with governmental requirements, regulations and requests, the prosecution or defense of third party claims. Accordingly, SCA, Seller, Purchaser and the Partnership each agree that it will make available to any of the other parties and its agents, independent auditors and/or governmental entities, upon reasonable notice and subject to applicable law, during normal business hours and at mutually agreeable times, such documents and information as may be available relating to the Partnership, the Seller Interest or the management of the Center and (to the extent allowable under applicable law or regulations) will permit the other to make copies of such documents and information at the requesting party's expense.

## **8.2 Tax Matters.**

(a) **Taxable Period Ending on or Before Closing Date.** The parties acknowledge that the transfers contemplated by this Agreement will result in a termination of the Partnership for federal and state income tax purposes and final tax returns will be prepared for the Partnership for federal and state income tax purposes using a closing of the books method as contemplated by the Code. Seller shall prepare or cause to be prepared such returns and Purchaser and the Partnership covenant to provide Seller with the information related to the Partnership's operations as is necessary to complete such returns. Seller shall include any income, gain, loss, deduction or other tax item for such period on their tax returns in a manner consistent with the Schedule K-1s prepared by Seller.

(b) **Taxable Periods Ending After Closing Date.** With respect to any tax return covering a taxable period ending after the Closing Date that is required to be filed after the Closing Date with respect to the Partnership, Purchaser shall be solely responsible for causing the Partnership to cause such tax return to be prepared and filed. Seller shall have no responsibility with respect to such tax returns or any amounts due thereunder.

(c) **Consistent Preparation of Tax Returns.** Any tax return to be prepared pursuant to the provisions of this Section 8.2 shall be prepared in a manner consistent with practices followed by the Partnership in prior years with respect to similar tax returns, except as otherwise required by law or fact.

(d) **Cooperation.** Each of the parties shall cooperate fully to the extent reasonably requested by the other party, in connection with the filing of tax returns pursuant to this Section 8.2 and any audit, litigation or other proceeding (each a "Proceeding") with respect to taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such Proceeding and making employees available on a mutually convenient basis to provide additional information and

explanation of any material provided hereunder

**8.3 Litigation Support.** Following Closing, the Partnership shall grant Seller and SCA reasonable access to the Center and to information in accordance with Section 8.1 during regular business hours and as reasonably required by SCA or Seller in connection with any litigation, investigation or other judicial or administrative proceedings attributable to Seller's direct or indirect ownership of the Partnership or SCA's management of the Center on or prior to Closing. Further, each party (a "**Supporting Party**") shall make available to the other party (the "**Requesting Party**"), at such personnel's then current hourly cost, the Supporting Party's personnel during regular business hours and to the extent reasonably required in connection with the Requesting Party's participation in any litigation, investigation or other judicial or administrative proceedings attributable to the Requesting Party's direct or indirect ownership or operation of the Center. Notwithstanding the foregoing, if the Supporting Party provides witnesses pursuant to this Section 8.3, it shall be entitled to reimbursement from the Requesting Party for all reasonably incurred out-of-pocket costs and expenses excluding internal time charges. Nothing in this Section 8.3 shall be construed to mean that any party is responsible for the other party's legal or other expenses associated with such litigation, investigation or other judicial or administrative proceedings; provided, however, that the parties acknowledge and agree that Osman and Purchaser shall pay all cost for claims subject to Section 2.8.

**8.4 Proprietary Information.** The Partnership and Purchaser will not use the names "Surgical Care Affiliates" or "SCA" or any derivation thereof in the name of the Center or in any advertising/promotional or other material and will not state or suggest that SCA is an affiliate of, or acts as manager of, the Center or the Partnership. The Partnership and Purchaser acknowledge that SCA has invested a significant amount of its resources in developing and maintaining the SCA Assets and that the value to SCA of the SCA Assets may be diminished or destroyed if the Partnership or Purchaser, directly or indirectly, discloses the SCA Assets or any portion thereof to a third party or use any of the SCA Assets for its own benefit. Accordingly, the Partnership and Purchaser will, and will cause their respective subsidiaries, affiliates and employees, to maintain the confidentiality of the SCA Assets. Neither the Partnership nor Purchaser will duplicate or permit the duplication of any portion of the SCA Assets and will not permit access to the SCA Assets by the Partnership's or Purchaser's personnel or any third party. The Partnership and Purchaser will take at least those steps that it would take to protect its own confidential information. The Partnership and Purchaser shall take commercially reasonable steps to update all public information to remove "SCA" or "Surgical Care Affiliates" from the Partnership's and the Center's listed information, including without limitation notifying major phone directory providers and removing or modifying all cached web pages and metatags from servers hosting the Partnership's electronic web data.

**8.5 Insurance.** Seller, Partnership and Purchaser acknowledge and agree that (a) SCA shall cause all of the Partnership's existing insurance coverage to terminate as of the Closing Date, (b) for a period of two years from and after the Closing Date, SCA, at its sole cost and expense, shall maintain a prior acts coverage for the Partnership, the Seller and the Center. Purchaser shall be named as an additional insured under the prior acts policy. Effective as of the Closing Date, Purchaser shall cause the Partnership to obtain a professional liability insurance policy with limits and coverage deemed reasonable by Seller.

**8.6 Information Technology; Operating Systems.** Purchaser acknowledges that on the Closing Date, the SCA Assets shall no longer be available for the use and enjoyment of the Partnership, and SCA shall deactivate the Partnership's access to SCA's computer network. From and after the Closing Date, neither the Seller nor SCA shall have any obligation to provide any information technology support services or equipment or software to the Partnership. Purchaser and the Partnership acknowledge that the Partnership has no right to any of the SCA Assets or the SCA Contracts and the use of any SCA Assets by the Partnership will terminate effective the Closing

Date. The Partnership and Purchaser acknowledge and agree that on the Closing Date SCA will notify Microsoft in writing of the transactions contemplated by this Agreement and that any software used by the Partnership immediately prior to the Closing is no longer subject to SCA's current Microsoft Enterprise Agreement. The Partnership and Purchaser acknowledge and agree that the Partnership will be required to obtain new licenses from Microsoft and any other applicable software vendors in order to continue the use of any software used by the Partnership immediately prior to the Closing. Within ten (10) days after the Closing Date, SCA shall deliver to the Purchaser a CD containing the Partnership's then current billing data for installation and configuration on a local server.

**8.7 Regulatory and Other Approvals.** Purchaser shall take, and Osman shall cause Purchaser to take, all commercially reasonable steps necessary, and proceed diligently and in good faith and use all commercially reasonable efforts, as promptly as practicable to give all notices to governmental or regulatory authorities or any other person or entity required to consummate the transactions contemplated hereby. Seller shall cooperate with Purchaser as promptly as practicable in providing information necessary for Purchaser to make such filings with and give such notices to governmental or regulatory authorities or other persons or entities.

**8.8 Transition of Employees.**

(a) The Partnership and Purchaser acknowledge that the employment of the employees of SCA currently leased to the Partnership (the "**Center Employees**") shall terminate as of the Closing Date so that they can become employees of the Partnership. On the Closing Date, the Partnership shall offer employment under the same or similar arrangements as exist presently to all of the Center Employees who are providing services to the Partnership as leased employees of SCA on the Closing Date. Schedule 8.8(a) sets forth the name of each Center Employee as of the Execution Date. SCA shall provide Purchaser with an updated list of Center Employees at Closing. Center Employees who accept such offer are, as of the time they first perform services for the Partnership, referred to herein as the "**Transferred Center Employees.**" The Transferred Center Employees shall receive the same salaries and wages as were in effect immediately prior to the Closing. The Transferred Center Employees will receive benefits substantially similar to the benefits received by the Transferred Center Employees under SCA benefit plans immediately prior to the Closing and will receive credit for past service with SCA for the purposes of eligibility, vesting and vacation under the benefit plans of the Partnership. In the event that the Partnership fails to offer employment in accordance with this Section 8.2(a) to any Center Employee, the Partnership shall reimburse and indemnify and hold SCA and the Seller and their affiliates harmless from and against any severance obligations incurred by SCA and the Seller or its affiliates in connection with termination of such Center Employee's employment, including, without limitation, liability for earned but unused vacation as of the Closing Date.

(b) SCA shall be solely responsible for offering and providing any COBRA Coverage with respect to any "qualified beneficiary" who is covered by an SCA benefit plan that is a "group health plan" (as defined under COBRA) and who experiences a qualifying event on or prior to the Closing Date. The Partnership shall be responsible for offering and providing any COBRA Coverage required with respect to any Transferred Center Employees (or other "qualified beneficiaries") who become covered by a group health plan sponsored or contributed to by the Partnership and who experience a "qualifying event" after the Closing Date. For purposes of this Agreement, "COBRA Coverage" means continuation coverage required under Section 4980B of the Code and Part 6 of Title I of ERISA. "Qualified beneficiary," "group health plan" and "qualifying event" are as defined in Section 4980B of the Code.

(c) To the extent not previously provided under Section 8.1 of this Agreement, SCA shall provide, subject to applicable privacy laws, Partnership all information related to each

Transferred Center Employee as may reasonably required in connection with the employment of such individuals, including initial employment dates, termination dates, re-employment dates, hours of service, compensation, earned but unused vacation, sick and/or PTO, and remaining vacation, sick and/or PTO pay and tax withholding history in such form that may be reasonably provided by SCA.

(d) To the extent provided in SCA's policies related to sick pay, vacation or paid time off, the Partnership hereby assumes and agrees to pay and discharge in accordance with SCA's currently stated policies the amount of each Transferred Center Employee's earned but unused vacation as of the Closing Date. An estimate of the earned but unused vacation and paid time off for each Center Employee as of the Execution Date is set forth on Schedule 8.8(d). SCA shall provide Purchaser with the earned but unused vacation and paid time off for each Center Employee at Closing.

## **9. Termination.**

**9.1 Termination of Agreement.** This Agreement may be terminated prior to Closing as follows:

(a) Purchaser and Seller may terminate this Agreement by mutual written consent;

(b) Either Purchaser or Seller may terminate this Agreement if the Closing has not occurred on or before the expiration of nine (9) months from and after the Execution Date unless such party seeking termination is in material breach of this Agreement; or

(c) Seller may terminate this Agreement in the event Purchaser fails to make any deposit into the Deposit Fund as describe in Section 2.5.

**9.2 Effect of Termination.** If this Agreement is terminated pursuant to Section 9.1 above, all rights and obligations of the parties hereunder shall terminate without any liability of any party to any other party (except for any liability of any party then in breach or the liability of Purchaser and Osman under Section 2.8).

## **10. Survival; Indemnification.**

**10.1 Survival.** All representations, warranties, covenants and obligations in this Agreement and any certificate or document delivered pursuant to this Agreement shall survive the Closing and the consummation of the transactions described herein, subject to Section 10.5. Except as set forth in a certificate to be delivered by Purchaser at Closing, Purchaser is not aware of any facts or circumstances that would serve as the basis for a claim by Purchaser against Seller based upon a breach of any of the representations and warranties of Seller contained in this Agreement or breach of any of Seller's covenants or agreements to be performed at or prior to Closing. Purchaser shall be deemed to have waived in full any breach of any of Seller's representations and warranties and any such covenants and agreements of which Purchaser has such awareness at Closing. Except as set forth in a certificate to be delivered by Seller at Closing, Seller is not aware of any facts or circumstances that would serve as the basis for a claim by Seller against Purchaser based upon a breach of any of the representations and warranties of Purchaser contained in this Agreement or breach of any of Purchaser's covenants or agreements to be performed at or prior to Closing. Seller shall be deemed to have waived in full any breach of any of Purchaser's representations and warranties and any such covenants and agreements of which Seller has such awareness at Closing

**10.2 Indemnification And Reimbursement By Seller.** Seller shall hold harmless Purchaser and its representatives, shareholders, officers, members, directors, managers, agents,

subsidiaries and affiliates (collectively, the "**Purchaser Indemnified Persons**"), and will reimburse the Purchaser Indemnified Persons for any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees and expenses) or diminution of value (collectively, "**Damages**"), whether or not involving a claim by a third party (a "**Third Party Claim**"), arising from or in connection with any of the items below:

(a) Any material breach of any representation or warranty made by Seller in this Agreement or in any certificate, document, writing or instrument delivered by Seller pursuant to this Agreement; and

(b) Any material breach of any covenant or obligation of Seller in this Agreement or in any other certificate, document, writing or instrument delivered by Seller pursuant to this Agreement.

**10.3 Indemnification And Reimbursement By Purchaser.** Purchaser and Osman will, jointly and severally, indemnify and hold harmless Seller and their representatives, officers, members, directors, managers, agents, subsidiaries and affiliates (collectively, the "**Seller Indemnified Persons**"), and will reimburse the Seller Indemnified Persons, whether or not involving a Third Party Claim, for any Damages arising from or in connection with any of the items below:

(a) Any material breach of any representation or warranty made by Purchaser or Osman in this Agreement or in any certificate, document, writing or instrument delivered by a Purchaser pursuant to this Agreement;

(b) Any breach of any covenant or obligation of Purchaser or Osman in this Agreement or in any other certificate, document, writing or instrument delivered by a Purchaser pursuant to this Agreement; and

(c) Any liability arising out of the ownership or operation of the Partnership on or after the Closing Date, other than liabilities which are covered by insurance and paid to each Seller Indemnified Person entitled to indemnification hereunder; and

(d) Those matters set forth in Section 2.8.

**10.4 Limitation on Amount.** Seller shall have no liability for indemnification with respect to claims under Section 10.2 until the aggregate of all Damages incurred by the Purchaser Indemnified Persons for such claims exceeds ten thousand and 00/100 dollars (\$10,000.00) (the "**Indemnity Threshold**") whereupon the Buyer Indemnified Persons shall be entitled to recover the full amount of all Damages, including damages below the Indemnity Threshold. Seller's maximum liability to Purchaser for a breach or breaches of the representations, warranties, covenants or any other obligation or liability to Purchaser arising in connection with the transfer of the Seller Interest shall not exceed five hundred fifty thousand and 00/100 dollars (\$500,000.00)

**10.5 Other Limitations.**

(a) If the Closing occurs, Seller will have liability (for indemnification or otherwise) with respect to any breach of (i) a covenant or obligation to be performed, or (ii) a representation or warranty, only if on or before the first (1st) annual anniversary of the Closing, Purchaser notifies Seller of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by Purchaser. If the time for performance of any covenant extends beyond the first (1st) annual anniversary of the Closing, a claim may be made within one hundred eight (180) days from the expiration of the date of performance.

(b) If the Closing occurs, Purchaser will have liability (for indemnification or otherwise) with respect to any breach of (i) a covenant or obligation to be performed, or (ii) a representation or warranty, only if on or before the first (1st) annual anniversary of the Closing, Seller notifies Purchaser of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by Seller. If the time for performance of any covenant extends beyond the first (1st) annual anniversary of the Closing, a claim may be made within one hundred eighty (180) days from the expiration of the date of performance of such covenant. Notwithstanding the foregoing, Purchaser and Osman acknowledge and agree that their obligation to defend and indemnify under Section 2.8 shall not terminate due to a failure to consummate the transactions described herein or a termination of this Agreement for any reason but rather such obligation shall continue for a period of sixty (60) days after the expiration of any statute of limitations barring claims against a person or entity entitled to indemnification under Section 2.8.

#### **10.6 Third Party Claims.**

(a) Promptly after receipt by a person entitled to indemnity under this Section 10 (an "**Indemnified Person**") of notice of the assertion of a Third-Party Claim against it, such Indemnified Person shall give notice to the person obligated to indemnify (an "**Indemnifying Person**") of the assertion of such Third-Party Claim, provided that the failure to notify the Indemnifying Person will not relieve the Indemnifying Person of any liability that it may have to any Indemnified Person, except to the extent that the Indemnifying Person demonstrates that the defense of such Third-Party Claim is prejudiced by the Indemnified Person's failure to give such notice.

(b) If an Indemnified Person gives notice to the Indemnifying Person pursuant to Section 10.6(a) of the assertion of a Third-Party Claim, the Indemnifying Person shall be entitled to participate in the defense of such Third-Party Claim and, to the extent that it wishes (unless (i) the Indemnifying Person is also a person against whom the Third-Party Claim is made and the Indemnified Person determines in good faith that joint representation would be inappropriate, or (ii) the Indemnifying Person fails to provide reasonable assurance to the Indemnified Person of its financial capacity to defend such Third-Party Claim and provide indemnification with respect to such Third-Party Claim), to assume the defense of such Third-Party Claim with counsel satisfactory to the Indemnified Person. After notice from the Indemnifying Person to the Indemnified Person of its election to assume the defense of such Third-Party Claim, the Indemnifying Person shall not, so long as it diligently conducts such defense, be liable to the Indemnified Person under this Section 10 for any fees of other counsel or any other expenses with respect to the defense of such Third-Party Claim, in each case subsequently incurred by the Indemnified Person in connection with the defense of such Third-Party Claim, other than reasonable costs of investigation or expenses incurred at the request of the Indemnifying Person. If the Indemnifying Person assumes the defense of a Third-Party Claim, (i) such assumption will conclusively establish for purposes of this Agreement that the claims made in that Third-Party Claim are within the scope of and subject to indemnification, and (ii) no compromise or settlement of such Third-Party Claims may be effected by the Indemnifying Person without the Indemnified Person's consent unless (A) there is no finding or admission of any violation of any legal requirement or any violation of the rights of any person, (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person, and (C) the Indemnified Person shall have no liability with respect to any compromise or settlement of such Third-Party Claims effected without its consent. If notice is given to an Indemnifying Person of the assertion of any Third-Party Claim and the Indemnifying Person does not, within ten (10) days after the Indemnified Person's notice is given, give notice to the Indemnified Person of its election to assume the defense of such Third-Party Claim, the Indemnifying Person will be bound by any determination made in such Third-Party Claim or any compromise or settlement effected by the Indemnified Person.

(c) Notwithstanding the foregoing, if an Indemnified Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Person may, by notice to the Indemnifying Person, assume the exclusive right to defend, compromise or settle such Third-Party Claim, but the Indemnifying Person will not be bound by any determination of any Third-Party Claim so defended for the purposes of this Agreement or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) With respect to any Third-Party Claim subject to indemnification under this Section 10, (i) both the Indemnified Person and the Indemnifying Person, as the case may be, shall keep the other person fully informed of the status of such Third-Party Claim and any related proceedings at all stages thereof where such person is not represented by its own counsel, and (ii) the parties agree to render to each other such assistance as they may reasonably require of each other and to cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

(e) With respect to any Third-Party Claim subject to indemnification under this Section 10, the parties agree to cooperate in such a manner as to preserve in full (to the extent possible) the confidentiality of all confidential information and the attorney-client and work-product privileges. In connection therewith, each party agrees that: (i) it will use its commercially reasonable efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid production of confidential information (consistent with applicable law and rules of procedure), and (ii) all communications between any party hereto and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

**10.7 Other Claims.** A claim for indemnification for any matter not involving a Third-Party Claim may be asserted by notice to the Party from whom indemnification is sought and shall be paid promptly after liability for indemnification has been established under this Agreement.

**10.8 Knowledge of a Breach.** If Purchaser has knowledge of a breach, or should have had knowledge after reasonable investigation of the materials and information made available to Purchaser by Seller and the Partnership, of a representation, warranty or covenant by Seller prior to or at Closing and elects to consummate the transactions contemplated in this Agreement, Purchaser shall have no right to seek indemnification for such breach. If Seller has knowledge of a breach, or should have had knowledge after reasonable investigation of the materials and information made available to Seller by Purchaser, of a representation, warranty or covenant by Purchaser prior to or at Closing and elects to consummate the transactions contemplated in this Agreement, Seller shall have no right to seek indemnification for such breach. Purchaser shall be deemed to have knowledge of any breach of a representation or covenant related to this transaction if such breach relates to the provisions or restrictions contained in any agreement provided or made available to Purchaser, including but not limited to the Partnership Agreement, the Management Agreement, or any other document or record provided to Purchaser prior to the Closing Date.

**10.9 Claims by Other Partners.** Notwithstanding any other representation, warranty or other provision of this Agreement, Seller shall have no obligation (including but not limited to any indemnification obligation) to Purchaser with regard to any damages Purchaser may incur related to, arising out of or from claims made by other partners in the Partnership challenging Seller's right or authority to transfer the Seller Interest or control of the Partnership.

**10.10 Exclusive Remedy.** Purchaser and Seller acknowledge and agree that the foregoing indemnification provisions in this Section 10 and the obligations of Purchaser and Osman

in Section 2.8 shall be the exclusive remedies of Purchaser and Seller with respect to the transactions contemplated by this Agreement or a breach of the terms thereof.

**10.11 Osman Guaranty.** Osman unconditionally and absolutely guarantees to the Seller the full and prompt performance and observation by the Purchaser of each and every obligation, covenant and agreement of the Purchaser arising out of, concerning with, or related to, this Agreement. This guaranty is a continuing guaranty. Osman as guarantor agrees that if the Purchaser shall fail to perform or observe any term, condition, indemnity, covenant or agreement which is guaranteed hereunder, Osman shall duly and promptly pay, perform and observe the same. If Osman fail to promptly perform his obligations under this Agreement, the Seller may from time to time, and without first requiring performance by the Purchaser, bring any action at law or in equity, or both, to compel Osman as guarantor to perform his obligations hereunder, and to collect from Osman the amount of any Damages due to a Seller Indemnified Person. Osman will pay all costs, expenses and fees, including all reasonable attorney's fees, which may be incurred by Seller in any successful proceeding instituted to enforce the duties and obligations of Osman as guarantor under this section, following any default on the part of Osman hereunder. Any discharge or limitation of the Purchaser's obligations under this Agreement by operation of law or otherwise will not discharge or limit Osman's obligations to the Seller.

**11. No Brokers.** Each of the parties represents and warrants to the other that it has not engaged any broker, finder or other person who would be entitled to a brokerage or other fee or commission in respect of the execution of this Agreement and the consummation of the transactions contemplated hereby.

**12. Assignment.** This Agreement is not assignable by any party without the prior written consent of the other parties hereto; provided, however, that Seller shall have the right to assign its rights and obligations under this Agreement to any of its affiliates without the consent of the other parties hereto.

**13. Notice.** All notices, demands, requests and other communications or documents required or permitted to be provided under this Agreement shall duly be in writing and shall be given to the applicable party at its address set forth below or such other address as the party may later specify for that purpose by notice to the other party:

**If to Purchaser:**

Cirurgia Centro, LLC  
Attn: Ronald E. Osman, Esq.  
1602 West Kimmel  
Marion, IL 62959

**If to Partnership:**

Marion Surgery Center, Ltd.  
Attn: General Partner  
806 North Treas  
Marion, Illinois 62959

**If post closing  
with a copy to:**

Ronald E. Osman, Esq.  
1602 West Kimmel  
Marion, IL 62959



**If pre closing  
with a copy to:**

Surgical Care Affiliates, LLC  
3000 Riverchase Galleria Suite 500  
Birmingham, AL 35244  
Attention: General Counsel

**If to Seller:**

Marion Holdings, LLC  
3000 Riverchase Galleria Suite 500  
Birmingham, AL 35244  
Attention: Chief Operating Officer

**With a copy to:**

Surgical Care Affiliates, LLC  
3000 Riverchase Galleria Suite 500  
Birmingham, AL 35244  
Attention: General Counsel

Each notice shall, for all purposes, be deemed given and received:

- (i) if by hand, when delivered;
- (ii) if given by nationally recognized and reputable overnight delivery service, the business day on which the notice is actually received by the party; or
- (iii) if given by certified mail, return receipt requested, postage prepaid, the date shown on the return receipt.

14. **Captions.** The section and paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

15. **Entire Agreement; Modification; Third Party Beneficiaries.** This Agreement, including the Exhibits and Schedules hereto, and other written agreements executed and delivered at Closing by the parties hereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement. This Agreement supersedes any prior oral or written agreements between the parties with respect to the subject matter of this Agreement. It is expressly agreed that there are no verbal understandings or agreements which in any way change the terms, covenants, and conditions set forth in this Agreement, and that no modification of this Agreement and no waiver of any of its terms and conditions shall be effective unless it is made in writing and duly executed by the parties hereto. With the exception of the parties who have joined in this Agreement or their respective officers, managers, employees or agents who are entitled to indemnification and defense under Section 2.8 or Article X (who are intended beneficiaries of this Agreement), nothing expressed in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement, except such rights as shall inure to a permitted assignee.

16. **Choice of Law.** The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the laws of another jurisdiction.

17. **Expenses.** All sales, excise, stamp or transfer taxes which may be payable in connection

with the transactions contemplated by this Agreement, if any, shall be divided equally between Seller and the Purchaser and each party shall pay its respective share. Each party shall pay its own attorneys' fees and any other costs and expenses related to this Agreement.

**18. Further Assurances.** From time to time after Closing without further consideration, Seller shall execute and deliver to Purchaser such instruments of sale, transfer, conveyance, assignment, consent or other instruments as may be reasonably requested by Purchaser in order to vest all right, title and interest of Seller Interest or as otherwise required to carry out the purpose and intent of this Agreement.

**19. Interpretation.** The language in all parts of this Agreement shall be construed, in all cases, according to its fair meaning, and not for or against any party hereto. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

**20. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed signature pages to this Agreement may be delivered by facsimile transmission and any such signature page shall be deemed an original.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized partners or officers, as applicable, on the date first written above.

**SELLER:**

**SURGERY CENTER HOLDING, LLC**

By: RLS  
Name: Richard L. Sharff, Jr.  
Its: Authorized Agent

**PARTNERSHIP:**

**MARION SURGERY CENTER, LTD.**

By: Marion Holdings, LLC  
Its: Managing Member

By: RLS  
Name: Richard L. Sharff, Jr.  
Its: Authorized Agent

**PURCHASER:**

**CIRURGIA CENTRO, LLC**

By: Ronald E. Osman  
Ronald E. Osman, Esq., Manager

**OSMAN:**

Ronald E. Osman  
Ronald E. Osman, Esq., Individually

**SCA:**

**SURGICAL CARE AFFILIATES, LLC**

By: RLS  
Name: Richard L. Sharff, Jr.  
Its: General Counsel

**Exhibit 2.4**  
**Termination Agreement**

## MUTUAL TERMINATION AGREEMENT

THIS MUTUAL TERMINATION AGREEMENT (this "Agreement") is entered into as of this the \_\_\_\_ day of \_\_\_\_\_, 2011 by and between **SURGICAL CARE AFFILIATES, LLC ("SCA")** and **MARION SURGERY CENTER, LTD. ("Partnership")**.

### WITNESSETH:

WHEREAS, Partnership and SCA (as successor in interest to HealthSouth Corporation) are parties to that certain Employee Lease dated as of the 30<sup>th</sup> day of November 2005 (the "Employee Lease");

WHEREAS, Partnership and SCA (as successor in interest to HealthSouth Corporation) are parties to that certain Management Agreement dated as of the 10<sup>th</sup> day of November 2005 (the "Management Agreement") (the Employee Lease and the Management Agreement are hereinafter collectively referred to as the "Support Agreements");

WHEREAS, SCA, Surgery Center Holding, LLC ("SC Holding") an affiliate of SCA, Ronald E. Osman ("Osman"), Cirurgia Centro, LLC ("Purchaser"), and the Partnership have entered into that certain Membership Interest Purchase Agreement dated as of the \_\_\_\_ day of January 2011 (the "Purchase Agreement") under the terms of which SC Holding has agreed to sell and Purchaser has agreed to purchase SC Holding's entire membership interest in Marion Holdings, LLC ("Marion Holdings");

WHEREAS, Marion Holdings is the general partner of the Partnership;

WHEREAS, Partnership and SCA desire to terminate the Support Agreements as of the Closing Date (as defined in the Purchase Agreement);

**NOW, THEREFORE**, in consideration of the promises and mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. As of the Closing Date, the obligations of SCA to provide services under the Support Agreements shall terminate. Also, as of the Closing Date, the obligations of the Partnership pursuant to the Support Agreements shall terminate, except for any obligations to pay any sum to SCA, whether as a fee or reimbursement, which accrued prior to or on the Closing Date. The Partnership acknowledges and agrees to remit to SCA the full amount of any fees and/or expenses earned by or accrued to SCA pursuant to the terms of the Support Agreements up through and including the Closing Date. The Partnership shall remit any sums of money owed by Partnership to SCA, including but not limited to fees or expenses reimbursable under the Support Agreements, as soon as reasonably determinable. It is anticipated that SCA shall provide the Partnership with an estimate of the amounts due under the Support Agreements at Closing (as defined in the Purchase Agreement) and that the Partnership shall remit such amounts to SCA at Closing. The Partnership acknowledges and agrees that some fees and expenses may not be determinable at Closing and that SCA may submit further fees and expenses to the Partnership for payment as soon as reasonably practicable after such fees and expenses are determined. The Partnership hereby covenants to pay such fees and expenses within fifteen (15) days of receiving an invoice from SCA.

2. The Partnership agrees to cease to use the name "**Surgical Care Affiliates,**" "**SCA,**" or any variant thereof. Additionally, the Partnership acknowledges and agrees to cease to use and to return to SCA any and all of the SCA Assets (as defined in the Purchase Agreement) as soon as reasonably practicable after the Closing Date.

3. The Partnership and SCA acknowledge and agree that the rights and obligations of the Partnership and SCA under paragraph 7 of the Employee Lease and under Article VI and Article IX of the Management Agreement shall survive the termination of SCA's obligation to provide services under the Support Agreements under this Agreement.

4. Exception for an indemnification claim related to a third party claim against either SCA or the Partnership and the obligation of the Partnership to pay SCA any amounts due as a fee, expense or reimbursement under the Support Agreements, SCA and the Partnership hereby as of the Closing Date release, discharge and acquit each other and the officers, subsidiaries, agents, partners, employees and affiliates of each other from any and all claims demands, actions, debts, covenants, rights, controversies, contracts, agreements, expenses, compensation, loss of services, subrogated rights, liabilities, damages and causes of action, known or unknown, in law, equity or otherwise, asserted or not asserted, which the parties now have, ever had, or may in the future have arising from or related to the Support Agreements.

5. This Agreement may not be modified except in writing executed by the party to be charged.

6. This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior agreements and representations with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

**SURGICAL CARE AFFILIATES, LLC**

By: \_\_\_\_\_  
Name: Richard L. Sharff, Jr.  
Its: General Counsel

**MARION SURGERY CENTER, LTD.**

**BY: Cirurgia Centro, LLC**

By: \_\_\_\_\_  
Name: Ronald E. Osman, Manager

**Exhibit 2.7**

**Escrow Agreement**

## ESCROW AGREEMENT

This Escrow Agreement (this "**Agreement**"), dated as of the \_\_\_\_ day of January, 2011 is entered into by and among Surgery Center Holding, LLC, a Delaware limited liability company ("**Seller**"), Cirurgia Centro, LLC, an Illinois limited liability company ("**Purchaser**") and First Commercial Bank, a division of Synovus Bank, a Georgia banking corporation (the "**Escrow Agent**").

This is the Escrow Agreement referred to in that certain Membership Interest Purchase Agreement dated the \_\_\_\_ day of January, 2011 by and among Ronald E. Osman, Cirurgia Centro, LLC, an Illinois limited liability company ("**Purchaser**"), and Surgery Center Holding, LLC ("**Seller**") (the "**Purchase Agreement**"). Marion Surgery Center, Ltd., an Illinois Limited partnership (the "**Partnership**") and Surgical Care Affiliates, LLC, a Delaware limited liability company ("**SCA**") are parties to the Purchase Agreement for limited purposes.

Capitalized terms used in this Agreement without definition shall have the respective meanings given to them in the Purchase Agreement.

The parties, intending to be legally bound, hereby agree as follows:

### 1. ESTABLISHMENT OF ESCROW

(a) Purchaser is depositing with Escrow Agent an amount equal to one hundred thousand and 00/100 dollars (\$100,000.00) in immediately available funds (as increased by any earnings thereon and as reduced by any losses on authorized investments made in accordance with the restrictions in Section 2 below, the "**Escrow Fund**"). Escrow Agent acknowledges receipt thereof.

(b) Escrow Agent hereby agrees to act as escrow agent and to hold, safeguard and disburse the Escrow Fund pursuant to the terms and conditions hereof.

### 2. INVESTMENT OF FUNDS

Except as Seller and Purchaser may from time to time jointly instruct Escrow Agent in writing, the Escrow Fund shall be invested from time to time until disbursement of the entire Escrow Fund only in (i) insured bank accounts and/or (ii) short-term certificates of deposit issued by a bank that are guaranteed by the U.S. Government or short-term securities issued or guaranteed by the U.S. Government; provided, however, that such investments must be subject to daily liquidity. Escrow Agent is authorized to liquidate in accordance with its customary procedures any portion of the Escrow Fund consisting of investments to provide for payments required to be made under this Agreement.

### 3. TERMINATION OF ESCROW

(a) Unless sooner distributed in accordance with Section 3(b) hereof, Escrow Agent shall pay and distribute the then amount of the Escrow Fund to Seller within five (5) business days of the date which is nine (9) months from and after the Execution Date.



(b) In the event the Purchase Agreement is terminated under Section 9.1(b) or 9.1(c) of the Purchase Agreement, Seller shall provide written notice to Purchaser and Escrow Agent (a "**Seller Termination Notice**"). If Purchaser disputes that the Purchase Agreement has been terminated under Section 9.1(b) or 9.1(c) of the Purchase Agreement, Purchaser shall have thirty (30) days from Escrow Agent's receipt of the Seller Termination Notice to give notice to Seller and Escrow Agent of such dispute (a "**Purchaser Counter Notice**"). If a Purchaser Counter Notice is delivered to Escrow Agent within such thirty (30) day period, Escrow Agent shall only distribute the Escrow Fund in accordance with Section 3(d). If no Purchaser Counter Notice is received by Escrow Agent within such thirty (30) day period, then the Escrow Fund shall be distributed to Seller. Escrow Agent shall not inquire into or consider whether a Seller Termination Notice complies with the requirements of the Purchase Agreement.

(c) In the event the transactions contemplated under the Purchase Agreement are consummated or the Purchase Agreement is terminated under Section 9.1(a) of the Purchase Agreement, Purchaser shall provide written notice to Seller and Escrow Agent (a "**Purchaser Termination Notice**"). If Seller disputes that the transactions contemplated under the Purchase Agreement have been consummated or that the Purchase Agreement has been terminated under Section 9.1(a) of the Purchase Agreement, Seller shall have thirty (30) days from Escrow Agent's receipt of the Purchase Termination Notice to give notice to Purchaser and Escrow Agent of such dispute (a "**Seller Counter Notice**"). If a Seller Counter Notice is delivered to Escrow Agent within such thirty (30) day period, Escrow Agent shall only distribute the Escrow Fund in accordance with Section 3(d). If no Seller Counter Notice is received by Escrow Agent within such thirty (30) day period, then the Escrow Fund shall be distributed to Purchaser. Escrow Agent shall not inquire into or consider whether a Purchaser Termination Notice complies with the requirements of the Purchase Agreement.

(d) If a Purchaser Counter Notice or a Seller Counter Notice is provided to Escrow Agent as described in this Section 3, Escrow Agent shall distribute the Escrow Fund only in accordance with (i) joint written instructions of Purchaser and Seller, or (ii) a final, nonappealable order of a court of competent jurisdiction. Any court order shall be accompanied by a legal opinion by counsel for the presenting party satisfactory to Escrow Agent to the effect that the order is final and nonappealable. Escrow Agent shall act on such court order and legal opinion without further question.

#### 4. DUTIES OF ESCROW AGENT

(a) Escrow Agent shall not be under any duty to give the Escrow Fund held by it hereunder any greater degree of care than it gives its own similar property and shall not be required or authorized to invest any funds held hereunder except as directed in this Agreement. Uninvested funds held hereunder shall not earn or accrue interest.

(b) Escrow Agent shall not be liable for actions or omissions hereunder, except for its own gross negligence or willful misconduct and, except with respect to claims based upon such gross negligence or willful misconduct that are successfully asserted against Escrow Agent, the other parties hereto shall jointly and severally indemnify and hold harmless Escrow Agent (and any successor Escrow Agent) from and against any and all losses, liabilities, claims, actions, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of and in connection with this Agreement. Without limiting the foregoing, Escrow Agent shall in no event be liable in

connection with its investment or reinvestment of any cash held by it hereunder in good faith, in accordance with the terms hereof, including, without limitation, any liability for any delays (not resulting from its gross negligence or willful misconduct) in the investment or reinvestment of the Escrow Fund or any loss of interest incident to any such delays.

(c) Escrow Agent shall be entitled to rely upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof. Escrow Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that the person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so. Escrow Agent may conclusively presume that the undersigned representative of any party hereto which is an entity other than a natural person has full power and authority to instruct Escrow Agent on behalf of that party unless written notice to the contrary is delivered to Escrow Agent.

(d) Escrow Agent may act pursuant to the advice of counsel with respect to any matter relating to this Agreement and shall not be liable for any action taken or omitted by it in good faith in accordance with such advice.

(e) Escrow Agent does not have any interest in the Escrow Fund deposited hereunder but is serving as escrow holder only and has only possession thereof. Any payments of income from the Escrow Fund shall be subject to withholding regulations then in force with respect to United States Taxes. The parties hereto will provide Escrow Agent with appropriate Internal Revenue Service Forms W-9 for tax identification number certification, or nonresident alien certifications. This Section 4(c) and Section 4(b) shall survive notwithstanding any termination of this Agreement or the resignation of Escrow Agent.

(f) Escrow Agent makes no representation as to the validity, value, genuineness or collectability of any security or other document or instrument held by or delivered to it.

(g) Escrow Agent shall not be called upon to advise any party as to the wisdom in selling or retaining or taking or refraining from any action with respect to any securities or other property deposited hereunder.

(h) Escrow Agent (and any successor Escrow Agent) may at any time resign as such by delivering the Escrow Fund to any successor Escrow Agent jointly designated by Purchaser and Seller in writing or if Purchaser and Seller fail to designate a successor Escrow Agent within ten (10) days of Escrow Agent's notice of resignation then to any court of competent jurisdiction, whereupon Escrow Agent shall be discharged of and from any and all further obligations arising in connection with this Agreement. The resignation of Escrow Agent will take effect on the earlier of the appointment of a successor (including a court of competent jurisdiction) or (ii) the day which is thirty (30) days after the date of delivery of its written notice of resignation to the other parties hereto. If, at that time, Escrow Agent has not received a designation of a successor Escrow Agent, Escrow Agent's sole responsibility after that time shall be to retain and safeguard the Escrow Fund until receipt of a designation of successor Escrow Agent in accordance with this Section or a joint written disposition instruction by Purchaser and Seller.

(i) In the event of any disagreement between the other parties hereto resulting in adverse claims or demands being made in connection with the Escrow Fund or in the event that Escrow Agent is in doubt as to what action it should take hereunder, Escrow Agent shall be entitled to retain the Escrow Fund until Escrow Agent shall have received (i) a final, nonappealable order of a court of competent jurisdiction, accompanied by a legal opinion by counsel for the presenting party satisfactory to Escrow Agent to the effect that the order is final and nonappealable; or (ii) a written agreement executed by Purchaser and Seller directing delivery of the Escrow Fund, in which event Escrow Agent shall disburse the Escrow Fund in accordance with such order or agreement. Escrow Agent shall act on such court order and legal opinion without further question.

(j) Purchaser and Seller shall pay Escrow Agent compensation (as payment in full) for the services to be rendered by Escrow Agent hereunder in the amount of five hundred and 00/100 dollars (\$500.00) and agree to reimburse Escrow Agent for any direct costs incurred by Escrow Agent after execution and delivery of this Agreement which are incurred in performance of its duties hereunder (including reasonable fees, expenses and disbursements of its counsel). Any request for reimbursement shall be paid within thirty (30) days from receipt by Purchaser or Seller, as applicable, of an itemized invoice. Any such reimbursement to which Escrow Agent is entitled shall be separately invoiced and borne fifty percent (50%) by Purchaser and fifty percent (50%) by Seller. Any fees or expenses of Escrow Agent or its counsel that are not paid as provided for herein may be taken from any property held by Escrow Agent hereunder.

(k) No printed or other matter in any language (including, without limitation, prospectuses, notices, reports and promotional material) that mentions Escrow Agent's name or the rights, powers or duties of Escrow Agent shall be issued by the other parties hereto or on such parties' behalf unless Escrow Agent shall first have given its specific written consent thereto.

(l) The other parties hereto authorize Escrow Agent, for any securities held hereunder, to use the services of any United States central securities depository it reasonably deems appropriate, including, without limitation, the Depository Trust Company and the Federal Reserve Book Entry System.

## 5. LIMITED RESPONSIBILITY

This Agreement expressly sets forth all the duties of Escrow Agent with respect to any and all matters pertinent hereto. No implied duties or obligations shall be read into this Agreement against Escrow Agent. Escrow Agent shall not be bound by the provisions of any agreement among the other parties hereto except this Agreement.

## 6. OWNERSHIP FOR TAX PURPOSES

Purchaser agrees that, for purposes of federal and other taxes based on income, Purchaser will be treated as the owner of the Escrow Fund and that Purchaser will report all income, if any, that is earned on, or derived from, the Escrow Fund as its income in the taxable year or years in which such income is properly includible and pay any taxes attributable thereto.

7. NOTICES

All Notices, Counter Notices, Consents, waivers and other communications required or permitted under this Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by a nationally recognized overnight courier service (costs prepaid); or (b) received by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses and marked to the attention of the person (by name or title) designated below (or to such other address or person as a party may designate by notice to the other parties):

Purchaser:	Cirurgia Centro, LLC c/o Ronald E. Osman 1602 West Kimmel Marion, IL 62959
Seller:	Surgery Center Holding, LLC c/o Surgical Care Affiliates, LLC 3000 Riverchase Galleria, Suite 500 Birmingham, AL 35244 Attention: General Counsel
with a mandatory copy to:	Baker Donelson Bearman Caldwell & Berkowitz, PC 4268 I-55 North Meadowbrook Office Park Jackson, MS 39211 Attention: Charles W. Ferguson
Escrow Agent:	First Commercial Bank Corporate Trust Department 800 Shades Crest Parkway Birmingham, AL 35209 Attention: Dean Matthews

8. EXECUTION OF AGREEMENT

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for any purposes whatsoever.

9. SECTION HEADINGS, CONSTRUCTION

The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation.

10. WAIVER

The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

11. ENTIRE AGREEMENT AND MODIFICATION

This Agreement supersedes all prior agreements among the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by Purchaser, Seller and Escrow Agent.

12. GOVERNING LAW

This Agreement shall be governed by the laws of the State of Alabama without regard to conflicts of law principles that would require the application of any other law.

[Signatures on following page.]

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

**Cirurgia Centro, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Surgery Center Holding, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**First Commercial Bank, a division of Synovus Bank**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit 3.2(b)**

**Assignment of Seller Interest**

## ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made by and between **SURGERY CENTER HOLDING, LLC** ("Assignor") and **CIRURGIA CENTRO, LLC** ("Assignee").

WHEREAS, Assignor is the sole member of Marion Holdings, LLC ("**Marion Holdings**") which is the general partner of Marion Surgery Center, Ltd., an Illinois limited partnership (the "**Partnership**"); and

WHEREAS, Assignor, Assignee and certain other parties have entered into that certain Membership Interest Purchase Agreement dated as of the \_\_\_\_ day of January 2011 (the "**Purchase Agreement**") pursuant to which the Assignor sold to Assignee and Assignee purchased from Assignor all of Assignor's membership interest in Marion Holdings.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the purchase price delivered under the terms of the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

Assignor hereby assigns, delivers, transfers and conveys unto Assignee as of 12:01 a.m. on the date hereof all of its right, title and interest to its membership interest in Marion Holdings and Assignee accepts such assignment.



IN WITNESS WHEREOF, this Assignment has been executed as of this the \_\_\_\_ day of

\_\_\_\_\_, 2011.

**ASSIGNOR:**

**SURGERY CENTER HOLDING, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE:**

**CIRURGIA CENTRO, LLC**

By: \_\_\_\_\_

Name: Ronald E. Osman, Manager

Schedule 1.2

SCA Contracts

Tyson Foods  
Medcare International  
LogiComp Business Solutions  
Health Management Associates  
Interplan  
Integrated Health  
Preferred Health Network  
Werner Enterprises  
Three Rivers Health Plans  
Prime Health Services  
Fortified Provider Network  
Mercy Health Plans  
HealthStar  
Multiplan, Inc.  
Global Excel Management (GEM)  
HealthLink  
Hines & Associates  
Employee Health Systems Medical Group  
Assurant Health  
Aetna  
USA Managed Care Organization  
CorVel Corporation  
National Hospital Network  
Beech Street/Concentra/Focus/MetraComp  
United Healthcare of the Midwest  
Group Health Plan  
Healthcares Finest Network  
Preferred Network Access  
Galaxy Health Network  
First Health  
Plan Vista Solutions/NPPN  
Health Payors Organization  
Global Medical Management  
Intergroup  
HealthNet  
Cigna Healthcare  
HealthSmart Preferred Care  
Beech Street/Concentra/Focus/MetraComp  
Independent Medical Systems  
Evolutions Healthcare Systems Guardian

**Schedule 5.5**

**Outstanding Debt**

**The SCA Loan as described in Section 2.3**

## Schedule 5.8

### Liens and Encumbrances

The Partnership is indebted to SCA under that certain Promissory Note dated December 30, 2008 with an original principal amount of \$706,982.07 and secured by that certain Indenture dated the 14<sup>th</sup> day of September 2005 between the Partnership and HealthSouth Corporation filed with the Williamson County Illinois County Clerk and Recorder as Mortgage Record 252, Page 455.

Schedule 8.8(a)

Transferred Center Employee

Angelly, Dietra L.  
Mitchell, Linda A.  
Conover, Donna L.  
Todd, Belinda J.  
Melvin, Melinda  
Phelps, Cliffie J.  
McMahon, Cynthia J.  
Jones, Paula Y.  
Goddard, Earl M.  
Little, Lori A.  
Machicao, Carlos  
Zueck, Charles A.  
Lewis, Jeri L.  
Huelsing, Mollie V.  
Bejmovicz, Susan D.  
Green, Kathy L.  
Stoner, Carolyn K.  
Bickers, Linda K.  
Whiting, Ashly B.  
Cox, Cara L.  
Carroll, Pauline C.

Schedule 8.8(d)

Earned but Unused Vacation

Name	Title	HD	TD	Benefit Date	PTO Rate	PTO Curr Taken	PTO Curr Balance	SICK Bal Curr Balance	Rate
Angelly, Dietra L.	Nurse Mgr	01/10/1995	#####	01/10/1995	9.85	8.00	129.30	0.00	\$31.59
Mitchell, Linda A.	Registered Nurse PACU	09/06/1998	#####	07/11/2005	6.77	6.00	38.54	0.00	\$24.68
Conover, Donna L.	Surgical Tech Non-Cert	09/05/2001	#####	09/05/2001	6.77	13.00	179.51	0.00	\$21.00
Todd, Belinda J.	Registered Nurse (Pool)	08/02/2002	#####	10/29/2010	0.00	0.00	0.00	0.00	\$24.46
Melvin, Melinda	Registered Nurse OR	09/10/2002	#####	09/10/2002	6.77	0.00	185.78	0.00	\$27.94
Phelps, Cliffie J.	Registered Nurse PACU (Pool)	01/09/2006	#####	01/09/2006	0.00	0.00	0.00	0.00	\$28.84
McMahon, Cynthia J.	Registered Nurse OR	07/01/2007	#####	07/01/2007	5.54	24.00	2.62	0.00	\$22.66
Jones, Paula Y.	Registered Nurse - SC	01/08/2001	#####	01/08/2001	3.85	0.00	18.50	0.00	\$23.92
Goddard, Earl M.	Registered Nurse - SC	11/26/2001	#####	11/01/2002	3.38	0.00	10.61	0.00	\$24.05
Little, Lori A.	LPN	11/05/2007	#####	11/05/2007	5.54	0.00	46.72	0.00	\$14.97
Zueck, Charles A.	Registered Nurs AnesthetistCRNA	03/02/1999	#####	03/02/1999	7.69	0.00	213.40	0.00	\$92.96
Lewis, Jeri L.	Registered NursCRNA (Part/Pool)	02/08/2002	#####	02/08/2002	0.00	0.00	0.00	0.00	\$95.00
Huelsing, Mollie V.	Registered NursCRNA (Part/Pool)	04/07/2003	#####	04/07/2003	0.00	0.00	0.00	0.00	\$95.00
Bejmovicz, Susan D.	Business Office Mgr SC (L3)	03/18/1985	#####	03/18/1985	9.85	15.75	332.20	593.88	\$29.89
Green, Kathy L.	Business Office Clerk	08/05/1985	#####	08/05/1985	7.69	1.00	294.53	629.63	\$17.41
Stoner, Carolyn K.	Business Office Clerk	01/05/2004	#####	01/05/2004	6.77	0.00	68.31	0.00	\$11.79
Bickers, Linda K.	Administrator-SC	09/23/1985	#####	09/23/1985	9.85	4.75	149.45	598.88	\$49.76
Whiting, Ashly B.	Surgical Tech Non-Cert	09/02/2008	#####	09/02/2008	5.54	7.00	0.41	0.00	\$19.65
Carroll, Pauline C.	Anesthesiologist	01/18/2010	#####	01/18/2010	5.54	0.00	64.83	0.00	\$144.95

## ATTACHMENT 6

### FINANCIAL INFORMATION

The funds to acquire the 51 general partner units and 9.5 limited partner units are being paid in cash by Cirurgia Centro, LLC, as shown by Attachment 2. No portion of the acquisition price will be financed and no lien of any type will be on the interest purchased.

Operating funds for the next three years will be generated from cash flow. In the event of any losses not covered by cash flow, Ronald E. Osman has committed to personally fund those losses (see attached certification), and Marion Surgical Center, Ltd. has arranged a Bank Letter of Credit in the event it is necessary. See attached.

Attached is the December 31, 2010, unaudited Balance Sheet of Marion Surgical Center, Ltd. which indicates total stockholder equity (i.e. partnership equity) of \$2,510,546, which is available if necessary to service negative cash flow.

Also attached is a copy of the unaudited operating statements for the center for the calendar years 2008, 2009 and 2010. Note that year end net income for 2008 was \$1,327,458.67, and 2009 was \$1,279,085.31, while year end 2010 indicates net income of (\$413,656.61). This loss was caused by the abrupt change in usage of the center by Drs. Maqbool Ahmad, George Ortiz, Joseph R. Olk and Ukeme Umana beginning April of 2010, when Dr. Ahmad opened a free standing ambulatory surgical center (Illinois Health Facilities Planning Board Project #07-061) in April of 2010 and, contrary to representations in his Illinois Health Facilities Board Application for Permit, immediately transferred substantially all of his case load to his fully owned surgery center in Mt. Vernon, Illinois. Mt. Vernon is approximately 45 miles from Marion and their service areas overlap to a degree to the north of Marion. In many instances, it is believed that Dr. Ahmad is providing transportation out of the Marion, Illinois service area to Mt. Vernon, Illinois. As a

## ATTACHMENT 6

result of Drs. Ahmad, Olk, Ortiz and Umana removing in excess of 3,000 annual cases from Marion, instead of the 398 cases represented to the Illinois Health Facilities Planning Board by Dr. Ahmad in his application for project #07-061 (see attached application and Section XVII – Attachment ASTC-2 from Dr. Ahmad's application dated March 23, 2007), the center was not able to properly plan for and staff for the reduced volume or provide notice to other area physicians that operating time was available.

Due to the change in usage pattern beginning in April 2010, Marion Surgical Center, Ltd. began to immediately experience monthly net losses (e.g. May 2010 net loss of \$80,802.88), but by the end of the year that monthly loss was reduced to \$26,656.13, with \$15,439.85 being depreciation which is a non-cash item. It is not expected that there will be future ongoing net losses as management has adjusted its staffing and expenses to the lower surgical volume and it is now able to provide facilities and operating time to specialties other than ophthalmology and also to provide facilities and operating time to other ophthalmology groups in Marion's service area. See the enclosed three year budget utilizing historical data and new surgical cases.

### **Analysis of Financial Viability** **In Accordance with 77 Ill.Adm.Code §1120, et seq.**

Since bond rating companies do not normally rate individuals, Mr. Osman does not have a bond rating and thus in accordance with 77 Ill.Adm.Code §1130.52(b)(4), this exemption request must be reviewed under the financial viability review criteria as specified in 77 Ill.Adm.Code §1120, *et seq.* The following is an analysis of the financial viability of the applicant utilizing the financial viability standards of 77 Ill.Adm.Code §1120, Appendix A (b).



## ATTACHMENT 6

Since this is a new entity, in accordance with 77 Ill.Adm.Code 1120.130(b), note 4, the applicant is using three year historical data from the previous permit holder, balance sheet of Marion Surgical Center, Ltd. dated December 31, 2010, and projected three year budget to document the manner in which the numbers have been compiled and analyzed. The three year historical data is attached as well as the three year budget.

- 1) Current Ratio = Current Assets / Current Liabilities

Standard – Ambulatory Surgical Treatment Center – 1.5 or more

Following are the calculations utilizing the Applicant's December 31, 2010, financial statement

Current Assets	=	\$532,526
Current Liabilities	=	\$193,209

$$\frac{\$532,526}{\$193,209} = 2.7562$$

- 2) Net Margin Percentage = (Net Operating/Net Operating Revenues) x 100

The Net Margin Percentage on a historical basis utilizing Seller's data for 2008 was 21.34% (\$1,327,458.67 NI / \$4,677,112.97 NR x 100), 25.44% (\$1,327,458.67 NI / \$5,216,050.60 NR x 100) for 2009 and 0% for 2010.

The projection for 2011 is 4.88% (\$115,683 NI / \$2,373,586 NR x 100).

The projection for 2012 is 6.13% (\$160,648 NI / \$2,620,464 NR x 100).

The projection for 2013 is 17.47% (\$560,820 NI / \$3,208,421 NR x 100).

## ATTACHMENT 6

- 3) Long Term Debt to Capitalization =  
(Long Term Debt / Long Term Debt plus Net Assets x 100)

Standard – 80% or less

No long term debt.

- 4) Projected Debt Service Coverage =  
Net Income + (Depreciation + interest + amortization) / Principal Payments +  
Interest Expense for the year of maximum debt service after project  
completion

Standard – 1.75 or more

No long term debt.

## ATTACHMENT 6

- 5) Days Cash on Hand =  
(Cash + investments + Board designated funds) / (operating expenses – depreciation expenses) / 365 days

Standard – 45 days

Cash on Hand December 31, 2010 = \$157,200.00

Operating Expenses for 2010 = \$2,571,011.60

Depreciation = (\$276,049.08)

\$2,294,962.52

Expenses per day = \$7,043.86

Cash = \$157,200.00

Bank Credit Line = \$1,657,000.00

$$\frac{\$1,657,000}{\$7,043.86} = 235 \text{ days}$$

Utilizing 2012 Projections and Cash on hand as of December 31, 2010:

Cash on Hand = \$157,200.00

Operating Expenses for 2011 = \$2,257,524.00

Depreciation = \$177,364.00

\$2,080,160.00

Expenses per day = \$5,699.06

$$\frac{\$1,657,000}{\$5,677.06} = 290 \text{ days}$$


## ATTACHMENT 6

- 6) Cushion Ratio =  
(Cash plus investments + investments + board designated funds)/(principal payments + interest expense) for the year of maximum debt service after project completion

Standard – 3.0 or more


No long term debt or principal payments.

This is to certify that I have a personal net worth in excess of Fifty Million Dollars (\$50,000,000) consisting of cash, stocks, bonds, farm land, commercial property, oil production and leases and ownership in various limited liability companies.

  
Ronald E. Osman

1

1

  
Notary Public





January 24, 2011

Illinois Health Facilities Planning Board  
525 West Jefferson St.  
Second Floor  
Springfield, IL 62761-001

Dear Sir or Madam:

This letter is to certify that Kemper CPA Group, LLP has prepared the tax returns and performed certain accounting & consulting functions for Ronald E. and Michelle A. Osman, certain related entities and ownership interests in excess of twenty-five years.

Based on my review of historical tax returns, Mr. & Mrs. Osman generally have annual cash flow in excess of \$1,500,000 each year.

In addition, Mr. Osman has provided me with a compiled personal statement of financial condition for Ronald E. and Michelle A. Osman which reports a net worth in excess of Fifty Million Dollars (\$50,000,000). As a firm, we did not audit or review the financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with accounting principles generally accepted in the United States of America.

The fair market values used in the statement appear to be the owner's best estimate of current values of the assets and liabilities when third-party values were not available. However, the statement did not address the estimated income taxes on the differences between the estimated current values of assets and the estimated current amounts of liabilities and their tax basis. This difference, which could be a material modification, should be included in their personal financial statement of condition.

Other than not reporting the potential federal and state tax liability as noted above, based on my firm's history with Mr. Osman and related entities, I am not aware of any other material modification that would be necessary to properly present the compiled financial statement prepared by Ronald E. Osman which reports Mr. & Mrs. Osman's estimated net worth to be in excess of Fifty Million Dollars (\$50,000,000).

Very truly yours,

A handwritten signature in cursive script that reads 'Clatus B. Bierman, CPA'.

Clatus B. Bierman, CPA, Partner  
**KEMPER CPA GROUP LLP**



300 Tower Square • P.O. Box 580 • Marion, Illinois 62959 • (618) 997-4341  
www.bankofmarion.com

January 24, 2011

Illinois Health Facilities Planning Board  
525 West Jefferson St.  
Second Floor  
Springfield, IL 62761-001

Dear Sir or Madam:

This Letter is to Certify that Ronald E. Osman has a secured line of credit with The Bank of Marion, Illinois, in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000). The present available balance on that line of credit is One Million One Hundred Thousand Dollars (\$1,100,000).

In addition, based upon the unaudited financial statement of Marion Surgical Center, Ltd. dated December 31, 2010, The Bank of Marion intends to extend credit on a secured basis to Marion Surgical Center, Ltd. of One Million Five Hundred Thousand Dollars (\$1,500,000) upon application and verification of its assets and the personal guaranty of Ronald E. Osman.

If you have questions or I can be of further service, please don't hesitate to call me.

Sincerely,

Robert L. Kincheloe

Senior Vice President, Senior Lender

The Bank of Marion

**RONALD E. OSMAN**

6530 Moake School Road  
Marion, IL 62959  
(618) 997-6053 (Home)  
(618) 889-6031 (Cell Phone)

Illinois Health Facilities Planning Board  
525 West Jefferson St.  
Second Floor  
Springfield, IL 62761-001

Re: Guaranty of Operating Expenses for Cirurgia Centro, Ltd.  
and Marion Surgical Center, Ltd.

Dear Sir or Madam:

This letter is to certify and guaranty that I will, without conditions or limitations of any kind, provide Cirurgia Centro, LLC and/or Marion Surgical Center, Ltd. sufficient funds to operate the outpatient surgical center located at 806 N. Treas, Marion, Illinois 62959, and to at all times meet the financial viability standards set out in 77 Ill.Adm.Code §1120, Appendix A.

Very truly yours,

Ronald E Osmer

Ronald E. Osman

REO/bjk

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF WILLIAMSON )

Subscribed and sworn to before me this 24<sup>th</sup> day of January, 2011.

(SEAL)



Doreen J. King  
Notary Public



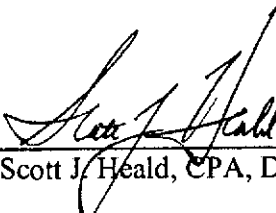
# SCA

**Surgical Care Affiliates**

Cirurgia Centro, LLC  
Attn: Ronald E. Osman, Esq.  
162 West Kimmel  
Marion, IL 62959

Re: Marion Surgery Center, Ltd. Financial Statements

Attached please find a Detail Income Statement related to Marion Surgery Center, Ltd, d/b/a Surgery Center of Southern Illinois for the periods ended December 31, 2008, December 31, 2009 and December 31, 2010. Except for the absence of footnote disclosures, the attached statements have been prepared in accordance with generally accepting accounting principles. These financial statement have been prepared based upon the books and records of the partnership consistent with past practices but have not been audited.



Scott J. Heald, CPA, Director, Assistant Controller



Surgical Care Affiliates

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## Center: 50221 (Marion Surgery Center)

## Balance Sheet

For Period Ending: December 31, 2010

Report ID: BALSHT  
Operator ID: sanderm2Run Date: 01/13/11  
Run Time: 19:14

<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash & Temp Investments	157,200	Accounts Payable	45,098
Accounts receivable	712,155	Salaries & Wages Payable	114,461
Less: Allowance for D/A & C/A	359,199	Accrued Interest & Other CL	33,649
Inventories	329	Total Current Liabilities	193,209
Prepays & other current assets	22,041		
Total Current Assets	532,526	Current Deferred Income Tax	-
		Intercompany Accounts	
<b>Other Assets</b>		Notes Payable	165,274
Notes receivable	-		165,274
Trusteed funds & other assets	-		
Total Other Assets	-		
<b>Property, Plant &amp; Equipment</b>		Long-Term Debt & Leases	
Land	296,596	Line of Credit Payable	-
Buildings	1,424,332	Bonds Payable	-
Leasehold improvements	-	Other LTD and Leases	-
Furniture, fixtures & equipment	1,175,316	Total Long Term Debt & Leases	-
Construction-in-progress	(1,487)		
Less: Accumulated Depreciation	2,894,757	Deferred Taxes	-
Total Property, Plant & Equipment	1,364,780	Deferred Revenue	-
	1,529,977	<b>TOTAL LIABILITIES</b>	358,483
<b>Intangible Assets</b>			
Organ, P'ship formation & Start-up Costs	-	Shareholders' Equity	
Bond issue costs	-	Non-controlling Interest	1,458,437
Non-compete Agreements	972,695	Common Stock	-
Goodwill	972,695	Additional Paid in Capital	-
Less: Accumulated Amortization	166,169	Retained Earnings	-
	806,526	General Partners' Interest	1,447,281
		Current YTD Income	(395,172)
			2,510,546
<b>Intercompany Accounts</b>		<b>TOTAL STOCKHOLDERS' EQUITY</b>	2,510,546
Notes Receivable	-		
Investments in Subsidiaries	-		
	-		
<b>TOTAL ASSETS</b>	2,869,029	<b>TOTAL LIABILITIES &amp; SH EQUITY</b>	2,869,029



Center: 50221 (Marion Surgery Center)  
 Detail Income Statement  
 For Period Ending: December 31, 2010  
 Report ID: IS\_TEND  
 Operator ID: smkrm02

Run Date: 01/13/11  
 Run Time: 07:27 PM

	2010-1	2010-2	2010-3	2010-4	2010-5	2010-6	2010-7	2010-8	2010-9	2010-10	2010-11	2010-12	YTD	Actual
<b>Gross Patient Revenue</b>														
<b>OP Revenue</b>														
Medicare	664,448.00	711,117.00	579,297.00	363,599.00	199,973.00	84,126.00	62,428.00	73,394.00	68,865.00	121,289.00	114,105.00	114,464.00	3,157,415.00	
Medicaid	26,223.00	12,400.00	34,091.00	32,943.00	504.00	-	3,715.00	9,615.00	46,041.00	27,195.00	54,074.00	11,145.00	130,643.00	
BCBS	88,477.00	117,289.00	117,407.00	66,311.00	48,154.00	37,567.00	33,115.00	59,894.00	86,398.00	74,672.00	122,748.00	80,838.00	771,415.00	
Managed Care and Oth Dis Plan	208,912.00	263,448.00	162,908.00	182,766.00	101,260.00	86,636.00	94,466.00	133,747.00	86,398.00	74,672.00	122,748.00	146,938.00	1,662,999.00	
Workers' Compensation	25,651.00	11,226.00	6,014.00	13,648.00	14,670.00	27,828.00	27,534.00	38,146.00	26,259.00	21,117.00	22,542.00	16,182.00	250,857.00	
Other Payor	4,335.00	-	-	-	-	-	-	-	-	-	-	3,715.00	8,200.00	
Other	5,164.00	4,356.00	17,731.00	6,477.00	8,152.00	8,465.00	6,477.00	4,318.00	9,884.00	2,432.00	5,336.00	2,153.00	81,164.00	
<b>OP Revenue</b>	1,021,612.00	1,115,139.00	917,468.00	665,706.00	372,713.00	244,623.00	227,775.00	319,114.00	237,450.00	246,705.00	318,805.00	375,635.00	6,062,747.00	
<b>Gross Patient Revenue</b>	1,021,612.00	1,115,139.00	917,468.00	665,706.00	372,713.00	244,623.00	227,775.00	319,114.00	237,450.00	246,705.00	318,805.00	375,635.00	6,062,747.00	
<b>Contractual Allowance</b>														
<b>OP Contractual Allowance</b>														
Medicare	806,924.29	540,893.21	439,331.21	275,963.90	151,819.50	63,708.62	47,164.35	55,348.42	51,311.60	89,305.09	82,167.01	83,344.42	2,388,279.62	
Medicaid	20,507.53	9,899.34	26,106.76	24,938.37	387.32	-	2,919.99	7,511.24	18,532.71	8,272.72	17,152.15	9,239.20	101,260.75	
BCBS	37,469.58	48,369.29	51,948.61	31,764.07	21,610.39	18,465.61	16,425.02	28,269.97	58,374.69	41,148.89	69,101.17	23,310.38	323,990.70	
Managed Care and Oth Dis Plan	134,895.22	167,879.43	109,827.03	116,765.07	73,401.11	77,851.94	73,531.61	94,678.25	58,374.69	41,148.89	69,101.17	87,151.16	1,033,885.91	
Workers' Compensation	7,318.49	4,686.14	2,353.69	5,728.26	6,541.35	11,346.26	10,914.14	12,847.57	11,357.02	10,093.93	11,133.49	7,533.76	102,078.09	
Other Payor	850.64	-	-	-	-	-	-	-	-	-	-	426.82	1,271.46	
Other	1,060.82	599.81	8,237.38	3,702.90	3,309.89	2,420.35	3,427.63	2,158.14	4,221.54	1,357.30	3,709.77	969.50	37,283.23	
<b>OP Contractual Allowance</b>	711,294.58	771,219.24	637,004.87	458,863.57	256,969.56	173,994.78	154,382.74	200,811.92	143,597.56	150,177.93	183,463.79	215,989.24	4,057,769.78	
<b>Contractual Allowance</b>	711,294.58	771,219.24	637,004.87	458,863.57	256,969.56	173,994.78	154,382.74	200,811.92	143,597.56	150,177.93	183,463.79	215,989.24	4,057,769.78	
<b>Net Patient Revenue</b>	310,317.43	343,919.76	280,463.13	206,842.43	115,743.44	70,630.22	73,392.26	118,302.08	93,852.44	96,527.07	135,341.21	159,645.76	2,004,977.22	
<b>Other Income</b>														
<b>Rental Income</b>														
Other operating income	45,299.86	53,194.10	51,357.22	37,866.19	22,424.10	6,645.24	8,297.31	9,306.91	7,713.89	10,913.80	19,076.81	17,889.86	289,985.29	
Other Income	45,299.86	53,194.10	51,357.22	37,866.19	22,424.10	6,645.24	8,297.31	9,306.91	7,713.89	10,913.80	19,076.81	17,889.86	289,985.29	
<b>Net Revenue</b>	355,617.29	397,113.86	331,820.35	244,708.62	138,167.54	77,275.46	81,689.57	127,608.99	101,566.33	107,440.87	154,418.02	177,535.62	2,294,962.52	
<b>Salaries and benefits</b>														
<b>Salaries</b>	74,824.62	73,407.75	90,616.26	69,431.73	65,104.05	70,502.52	43,348.54	42,978.62	44,757.17	40,799.34	47,508.81	52,697.70	715,927.11	
FICA	9,082.33	10,024.52	13,672.22	8,785.49	8,510.54	6,760.54	4,669.37	3,919.14	3,945.26	3,287.11	3,833.01	4,012.13	80,436.66	
FUTA	854.57	390.09	251.26	57.50	1.31	-	-	-	-	-	-	-	1,344.73	
SUI	1,840.14	944.99	1,250.92	2,018.63	498.53	128.82	1.41	(1.78)	1,671.49	1,553.81	1,446.63	1,490.18	6,679.26	
401K	2,019.86	1,957.18	2,907.97	2,105.47	2,004.86	2,066.97	1,799.11	1,705.30	7,892.62	7,892.62	7,525.24	7,345.34	22,728.83	
Group Med Ins	14,429.36	12,564.82	12,456.02	12,456.02	9,423.76	7,951.18	7,936.41	7,892.74	7,892.62	174.89	163.77	231.26	115,768.13	
Voluntary Supplemental Insurance	239.96	245.92	237.31	237.31	206.41	194.18	194.18	172.60	-	-	-	-	2,470.40	
Other Benefits	865.12	865.12	865.12	865.12	865.12	865.12	865.12	865.12	865.12	865.12	865.12	865.12	430.00	
Work Comp Ins	-	-	-	-	-	-	-	-	-	-	-	-	50.00	
<b>Salaries and benefits</b>	104,115.96	100,399.99	122,612.08	95,957.27	86,616.58	88,467.33	53,814.14	57,481.74	59,304.27	54,572.89	61,392.58	66,641.73	956,376.56	
<b>Medical Supplies</b>														
<b>Med Supplies - Chargeable</b>	23,896.93	25,620.63	23,896.69	23,014.34	3,154.41	376.00	4,395.88	3,267.22	4,019.53	2,310.42	4,856.41	7,554.44	126,428.93	
<b>Med Supplies - Non Chargeable</b>	311.01	81.03	2,203.47	819.73	1,315.48	1,040.54	1,028.80	2,791.29	6,942.14	3,900.26	4,836.36	5,648.41	23,606.52	
<b>CEP devices and implants</b>	22,183.32	22,524.48	23,936.68	13,247.41	16,853.10	1,155.70	1,629.53	1,873.57	6,942.18	4,049.74	13,424.12	4,428.58	132,248.39	
<b>Drugs and Medicine</b>	2,708.16	2,055.04	2,809.58	2,984.51	846.43	1,179.30	703.98	948.38	1,074.36	513.84	1,304.11	1,061.16	18,192.85	
<b>Medical Supplies</b>	49,302.42	51,013.18	52,909.42	40,069.99	22,169.42	3,751.57	6,832.17	8,880.46	13,640.21	10,774.26	24,443.00	18,692.59	302,478.69	
<b>Variable Expenses</b>														
<b>Fixed and Caring</b>	300.23	203.09	294.34	121.78	133.97	110.63	188.73	127.44	122.50	-	121.38	54.89	1,779.98	
<b>Office Supplies</b>	497.06	714.64	409.96	409.96	165.06	144.54	449.11	212.10	395.46	448.52	402.99	345.66	1,779.98	
<b>Housekeeping and Janitorial</b>	834.60	541.53	534.60	946.58	325.71	372.77	427.06	382.63	300.15	377.31	377.31	780.31	8,966.44	
<b>Uniforms</b>	1,121.02	1,064.84	818.68	985.98	697.64	593.90	515.34	791.80	474.00	439.51	494.04	611.98	8,609.73	
<b>Linens</b>	-	-	-	-	-	-	-	-	-	-	-	-	36.44	
<b>Minor Equipment</b>	1,402.74	4,022.10	3,885.84	3,372.86	(462.51)	151.33	238.00	2,166.11	1,907.63	(382.56)	903.64	410.95	27,636.13	
<b>Rental Equipment</b>	5,381.48	1,864.07	1,656.85	5,194.21	689.93	20.64	784.50	7,495.94	1,63.22	131.38	100.26	100.26	23,594.63	
<b>Storage - Including Data</b>	2,592.22	484.00	62.16	62.16	410.68	(183.71)	(70.00)	98.76	98.76	98.76	98.76	160.76	2,356.66	
<b>Repairs</b>	4,960.26	5,648.52	3,077.67	2,982.02	1,313.92	3,006.15	611.14	2,806.30	1,782.98	1,528.82	2,456.94	2,489.48	32,664.20	
<b>Maint Contracts</b>	987.01	2,790.58	3,068.90	1,445.35	1,735.29	3,163.29	862.01	(513.09)	2,704.97	403.67	403.67	5,064.26	22,115.91	
<b>Bank Service Charges</b>	264.45	518.42	537.00	537.00	287.01	599.37	226.39	414.66	205.93	207.20	294.46	225.16	4,419.39	



Center: 50221 (Marion Surgery Center)  
Detail Income Statement  
For Period Ending: December 31, 2010

Report ID: IS\_TEND  
Operator ID: smlm2

Run Date: 01/13/11  
Run Time: 07:27 PM

	2010-1	2010-2	2010-3	2010-4	2010-5	2010-6	2010-7	2010-8	2010-9	2010-10	2010-11	2010-12	YTD
<b>Direct Subscriptions</b>													<b>Actual</b>
Printing	209.16	411.25	393.00	3,114.89	149.15	477.37	409.35	904.13	226.03	274.13	159.13	159.13	3,002.27
Postage and Delivery	352.12	217.47	712.25	712.25	1,212.63	286.94	286.94	156.48	355.33	114.82	156.48	156.48	5,645.45
Telephone	1,767.38	712.52	2,462.84	1,480.04	1,417.57	2,842.98	260.77	156.83	102.20	114.82	322.93	322.93	3,018.45
Utilities	4,315.21	3,973.43	1,848.65	5,803.88	3,474.51	3,699.63	3,807.62	3,749.09	3,597.12	3,191.97	3,090.86	3,240.17	18,522.60
Examination	860.00	556.39	(381.22)	18,914.77	55.68	190.00	190.00	900.00	43.99	884.52	72.68	72.68	13,126.36
Recruitment and Relocation	1,456.40	9,007.20	5,403.46	3,537.79	5,092.21	7,902.26	6,997.46	7,920.23	4,704.60	8,076.84	11,823.39	8,191.13	19,160.45
Contract Services	232.00	120.15	-	414.75	231.00	488.23	237.25	110.25	89.25	52.50	68.25	110.25	81,393.06
Legal Fees	-	-	-	-	6,063.00	7,347.15	10,253.25	8,196.25	1,769.75	606.53	3,364.40	12,006.50	2,194.50
Professional fees	52,570.21	68,302.15	63,756.09	55,206.23	52,511.86	44,980.77	47,160.45	45,531.52	45,733.52	41,075.61	38,748.70	42,748.14	49,627.13
Medical director fees	414.99	138.33	-	-	-	-	-	-	-	-	-	-	598,524.25
Marketing	552.23	67.18	295.99	543.00	519.50	593.92	428.02	195.00	-	-	1,968.08	593.52	691.65
Travel and Entertainment	(573.82)	1,101.79	1,370.69	1,053.49	1,080.29	1,434.89	593.41	876.26	979.02	785.23	971.25	1,376.46	1,736.44
Other Variable Expenses	80,206.95	122,437.28	91,419.13	97,863.36	76,341.52	77,655.47	75,618.38	85,574.08	68,037.24	58,648.08	68,699.91	82,534.00	6,506.97
<b>Fixed Expenses</b>													<b>Actual</b>
Insurance	4,000.35	4,000.35	4,000.35	4,000.35	4,000.35	4,000.35	7,350.37	4,542.02	4,542.02	4,542.02	4,542.02	4,542.02	53,962.53
Salaries and Use Tax	(0.44)	0.26	(0.30)	(0.26)	0.04	0.02	0.16	0.14	0.48	(1,012.55)	0.09	(0.39)	1,012.75
Property Tax	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	2,583.33	33,102.01
Miscellaneous	6,583.24	6,583.94	6,583.38	6,583.42	6,583.72	6,583.74	9,833.86	7,125.49	7,125.83	6,112.80	7,625.44	6,624.92	86,051.79
<b>Provision for doubtful debts</b>													
EBITDA	12,384.43	13,861.22	11,489.80	8,459.82	4,792.47	2,655.38	2,827.99	4,444.51	3,522.90	3,620.77	5,187.82	6,177.91	79,425.02
<b>Interest, Depreciation, Amort</b>													
Depreciation Expense	103,024.29	102,818.25	46,806.54	(4,025.24)	(58,336.17)	(103,940.04)	(72,234.97)	(35,897.30)	(50,064.12)	(26,287.53)	(12,930.73)	(11,135.53)	(112,204.94)
Interest Expense	12,726.69	16,793.94	13,853.62	14,471.78	14,224.48	15,154.76	14,062.65	14,556.40	14,310.52	14,426.73	14,408.10	15,439.85	174,619.52
Interest Income	(678.76)	(971.46)	(829.91)	(1,488.64)	(386.88)	(940.40)	(921.41)	(917.93)	(1,336.53)	(1,092.88)	(894.14)	(889.44)	(10,775.38)
<b>Total Exp Before Mgmt Fee and ITC</b>	264,640.93	310,082.07	298,037.52	261,717.00	210,141.31	196,079.86	167,066.78	177,144.76	164,804.46	147,072.65	180,862.71	193,421.56	2,571,011.60
<b>Income (loss) before Mgmt Fee, ITC, Taxes, &amp; Sale</b>	90,976.36	67,031.79	33,782.83	(17,008.38)	(71,973.77)	(118,754.40)	(85,367.21)	(49,535.77)	(63,238.13)	(39,631.78)	(26,444.69)	(15,895.94)	(276,049.08)
<b>Mgmt Fee, Intercompany, Taxes</b>													
Intercompany Interest Expense	976.72	848.31	901.67	836.26	816.61	763.63	751.56	714.03	654.68	638.97	(3,930.34)	488.73	4,470.83
Intercompany Mgmt Fee Expense	20,939.97	27,995.16	19,219.83	15,386.47	8,002.50	4,489.41	4,654.75	7,390.29	5,862.61	6,271.04	8,953.81	10,281.46	134,041.30
Federal and State Income Taxes	21,570.69	23,643.47	20,988.06	15,111.45	8,629.11	4,513.16	5,406.31	8,104.32	6,537.29	6,910.01	5,023.47	10,270.19	(904.60)
Mgmt Fee, Intercompany, Taxes	69,405.67	63,188.32	12,794.76	(32,119.82)	(80,807.88)	(123,267.56)	(90,773.52)	(57,640.09)	(69,775.42)	(46,541.79)	(31,468.16)	(26,656.13)	(413,656.61)
<b>Net Income (Loss) Before Minority Interest, Sale of Investment</b>													
Minority Int. Sale of Investment	-	-	-	(18,958.96)	-	(203.39)	1,282.47	(7.00)	-	(697.26)	-	-	(18,484.14)
Minority Int. Sale of Investment	-	-	-	(18,958.96)	-	(203.39)	1,282.47	(7.00)	-	(697.26)	-	-	(18,484.14)
<b>Net Income (Loss)</b>	69,405.67	63,188.32	12,794.76	(32,119.82)	(80,807.88)	(123,267.56)	(90,773.52)	(57,640.09)	(69,775.42)	(46,541.79)	(31,468.16)	(26,656.13)	(395,172.47)
<b>EBIT</b>	90,976.36	67,031.79	33,782.83	(17,008.38)	(71,973.77)	(118,754.40)	(85,367.21)	(49,535.77)	(63,238.13)	(39,631.78)	(26,444.69)	(15,895.94)	(276,049.08)
EBITDA	103,024.29	102,818.25	46,806.54	(4,025.24)	(58,336.17)	(103,940.04)	(72,234.97)	(35,897.30)	(50,064.12)	(26,287.53)	(12,930.73)	(11,135.53)	(112,204.94)
EBITDAR	103,024.29	102,818.25	46,806.54	(4,025.24)	(58,336.17)	(103,940.04)	(72,234.97)	(35,897.30)	(50,064.12)	(26,287.53)	(12,930.73)	(11,135.53)	(112,204.94)
<b>Statistical Information</b>													
Total FTEs	-	25.7	24.5	22.4	23.5	17.3	14.0	13.2	12.8	12.4	13.1	-	178.8
Nonclinical FTEs	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinical FTEs	-	-	-	-	-	-	-	-	-	-	-	-	-
Surgical cases	267.00	294.00	249.00	178.00	110.00	91.00	71.00	117.00	80.00	73.00	104.00	116.00	1,750.00
TU Salary related expense per case	389.95	341.50	492.42	539.09	787.42	972.17	828.37	491.30	741.30	747.57	590.31	574.50	546.50
Variable cost per case	300.40	416.45	367.15	548.67	694.01	833.36	1,065.05	731.40	850.47	803.40	660.58	694.26	561.62

Center: 50221 (Marion Surgery Center)

### Detail Income Statement

For Period Ending: December 31, 2010

Report ID: LS\_TRND

Operator ID: sandertm2

Run Date: 01/13/11  
Run Time: 07:27 PM

Run Time: 07:27 PM

	2010-1	2010-2	2010-3	2010-4	2010-5	2010-6	2010-7	2010-8	2010-9	2010-10	2010-11	2010-12	YTD
SWA and Variable cost per case	690.35	737.95	859.56	1,087.76	1,481.44	1,825.53	1,893.42	1,222.70	1,591.77	1,550.97	1,250.89	1,248.76	11,088.12
Supply cost per case	185.78	174.21	213.87	225.80	202.76	42.44	98.89	76.98	172.03	147.59	296.20	161.62	173.86
Fixed cost per case	24.66	22.39	26.44	36.99	59.85	95.45	138.51	60.90	89.07	83.74	73.32	57.11	49.17
Total expense per case	991.16	1,054.70	1,196.94	1,470.32	1,910.38	2,154.17	2,352.91	1,514.06	2,060.06	2,014.69	1,739.06	1,667.43	1,469.15
Net patient revenue per case	1,182.34	1,169.80	1,126.36	1,162.04	1,052.21	776.16	1,033.69	1,011.13	1,173.16	1,322.29	1,301.36	1,376.26	1,145.70
Gross revenue per case	3,826.16	3,921.99	3,684.61	3,719.92	3,388.30	2,688.19	3,208.10	2,727.47	2,968.13	3,379.52	3,083.43	3,238.23	3,464.43
Medicare mix	0.65	0.64	0.63	0.55	0.54	0.34	0.27	0.23	0.29	0.49	0.36	0.31	52.08%
Discharges	-	-	-	-	-	-	-	-	-	-	-	-	-
Impatient days	-	-	-	-	-	-	-	-	-	-	-	-	-
Outpatient visits	-	-	-	-	-	-	-	-	-	-	-	-	-
Surgical cases	267	294	249	178	110	91	71	117	80	73	104	116	1,750
Score	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
	74,824.62	73,407.75	90,616.26	69,431.73	65,104.05	70,507.52	43,348.54	42,928.62	44,757.17	40,799.34	47,508.81	52,697.70	715,927.11

**FACILITY: 050221 (Surgery Center of S Illinois)**  
**Detail Income Statement**  
**For Period Ending: December 31, 2008**

Report ID: ISTRND  
Operator ID: NVISION

Run Date: 01/16/09  
Run Time: 02:02 PM

	2008-1	2008-2	2008-3	2008-4	2008-5	2008-6	2008-7	2008-8	2008-9	2008-10	2008-11	2008-12	YTD	Actual
<b>Total IP Revenues</b>														
OP Revenues														
Medicare revenue	840,783.00	726,370.00	735,518.00	982,154.00	887,693.00	837,503.00	949,128.00	971,833.00	818,292.00	1,071,219.00	761,422.00	753,288.00	10,735,814.00	
Medicaid revenue	81,679.00	62,676.00	69,319.00	91,112.00	128,786.00	69,242.00	105,781.00	97,541.00	106,999.00	92,972.00	81,010.00	56,033.00	1,044,150.00	
BCBS revenue	66,886.00	50,462.00	35,475.00	40,016.00	42,633.00	25,638.00	32,960.00	46,299.00	84,427.00	131,077.00	51,231.00	88,639.00	697,453.00	
Managed Care revenue	98,849.00	98,937.00	123,343.00	148,377.00	175,543.00	154,840.00	135,651.00	135,732.00	202,707.00	193,093.00	115,905.00	178,697.00	1,761,669.00	
Workers Comp revenue	-	-	-	-	-	-	-	-	14,571.00	4,596.00	1,375.00	9,990.00	36,121.00	
Commercial revenue	-	-	-	-	-	-	-	-	7,004.00	2,837.00	2,685.00	-	28,139.00	
Other revenue	3,502.00	1,082.00	16,654.00	10,184.00	4,897.00	4,182.00	56,341.00	16,936.00	14,022.00	18,523.00	30,046.00	18,894.00	169,598.00	
<b>Total OP Revenues</b>	<b>1,091,099.00</b>	<b>939,227.00</b>	<b>983,811.00</b>	<b>1,277,340.00</b>	<b>1,238,751.00</b>	<b>1,094,682.00</b>	<b>1,282,009.00</b>	<b>1,242,369.00</b>	<b>1,247,522.00</b>	<b>1,314,299.00</b>	<b>1,043,674.00</b>	<b>1,105,051.00</b>	<b>14,060,934.00</b>	
<b>Total Patient Revenues</b>	<b>1,091,099.00</b>	<b>939,227.00</b>	<b>983,811.00</b>	<b>1,277,340.00</b>	<b>1,238,751.00</b>	<b>1,094,682.00</b>	<b>1,282,009.00</b>	<b>1,242,369.00</b>	<b>1,247,522.00</b>	<b>1,314,299.00</b>	<b>1,043,674.00</b>	<b>1,105,051.00</b>	<b>14,060,934.00</b>	
<b>Total IP Contractual Adjustments</b>														
OP Contractual Adjustments														
Medicare contracts	643,978.44	517,335.70	548,011.21	735,264.54	666,083.36	626,006.02	717,920.42	737,712.36	620,177.46	809,803.98	574,721.33	569,787.05	7,766,808.87	
Medicaid contracts	68,086.18	51,246.75	55,138.28	77,009.29	103,729.13	56,423.30	85,925.91	77,115.91	85,375.15	74,326.05	66,537.82	47,594.43	848,530.20	
BAC IIS contracts	39,524.34	29,940.69	21,377.86	23,972.56	23,940.32	13,162.55	16,397.60	22,302.23	30,280.19	35,316.84	14,088.52	28,435.40	298,707.10	
Managed Care contracts	64,168.61	50,291.91	64,244.32	114,211.19	119,333.70	92,349.40	67,003.72	60,820.22	110,517.57	96,497.35	58,277.72	76,243.39	973,999.10	
Workers Comp contracts	-	-	-	-	-	-	-	-	10,976.33	2,178.50	779.58	5,349.30	19,233.71	
Commercial contracts	-	-	-	-	-	-	-	-	2,766.58	1,681.98	-	-	5,831.85	
Other contracts	2,722.94	794.46	11,113.86	6,679.45	2,565.14	9,268.84	36,377.03	10,461.02	6,713.06	16,265.59	9,818.25	101,561.36	1,014,632.19	
<b>Total OP Contractual Adjustments</b>	<b>818,480.51</b>	<b>649,609.51</b>	<b>699,887.53</b>	<b>957,137.03</b>	<b>915,657.65</b>	<b>797,212.11</b>	<b>923,624.68</b>	<b>888,872.99</b>	<b>866,776.34</b>	<b>1,029,483.46</b>	<b>730,640.56</b>	<b>737,247.82</b>	<b>10,014,632.19</b>	
<b>IP Net Patient Revenue</b>	<b>272,618.49</b>	<b>289,617.49</b>	<b>283,923.47</b>	<b>320,202.97</b>	<b>323,093.35</b>	<b>297,469.89</b>	<b>358,384.62</b>	<b>353,996.01</b>	<b>380,745.66</b>	<b>484,813.54</b>	<b>313,033.44</b>	<b>367,803.18</b>	<b>4,046,302.11</b>	
<b>OP Net Patient Revenue</b>	<b>272,618.49</b>	<b>289,617.49</b>	<b>283,923.47</b>	<b>320,202.97</b>	<b>323,093.35</b>	<b>297,469.89</b>	<b>358,384.62</b>	<b>353,996.01</b>	<b>380,745.66</b>	<b>484,813.54</b>	<b>313,033.44</b>	<b>367,803.18</b>	<b>4,046,302.11</b>	
<b>Net Patient Revenue</b>	<b>44,102.13</b>	<b>40,002.45</b>	<b>42,536.02</b>	<b>53,825.72</b>	<b>53,426.59</b>	<b>48,173.91</b>	<b>54,130.46</b>	<b>56,493.94</b>	<b>62,566.71</b>	<b>72,221.66</b>	<b>48,697.02</b>	<b>54,214.25</b>	<b>630,810.86</b>	
<b>Other Income</b>														
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted therapist income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net Revenue</b>	<b>317,320.62</b>	<b>330,219.94</b>	<b>336,459.49</b>	<b>374,028.69</b>	<b>376,519.94</b>	<b>345,643.80</b>	<b>412,535.08</b>	<b>410,489.95</b>	<b>443,312.37</b>	<b>557,035.20</b>	<b>361,530.46</b>	<b>422,017.43</b>	<b>4,677,112.97</b>	
<b>Salary Expenses</b>	<b>87,134.42</b>	<b>64,507.92</b>	<b>74,067.61</b>	<b>80,001.36</b>	<b>86,404.82</b>	<b>66,015.90</b>	<b>55,034.13</b>	<b>84,227.48</b>	<b>86,987.95</b>	<b>94,980.25</b>	<b>80,146.13</b>	<b>75,516.35</b>	<b>935,914.22</b>	
Salaries and wages	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wage trailers	170.86	21.48	9.47	14.84	7.25	3.25	8,178.17	5,677.10	7,018.04	6,873.71	4,932.97	7,953.44	89,913.76	
FICA expense	9,571.11	6,765.73	7,510.40	8,476.71	8,704.14	8,352.24	8,178.17	8,178.17	8,178.17	8,178.17	8,178.17	8,178.17	89,913.76	
UTA expense	824.12	330.83	174.68	157.17	157.17	157.17	157.17	157.17	157.17	157.17	157.17	157.17	1,593.51	
SUI expense	4,744.55	3,721.45	3,721.45	3,721.45	3,721.45	3,721.45	3,721.45	3,721.45	3,721.45	3,721.45	3,721.45	3,721.45	4,962.26	
401(k) expense	2,225.99	1,253.36	1,716.10	2,436.51	2,066.76	1,887.93	2,066.76	1,887.93	1,887.93	1,887.93	1,887.93	1,887.93	22,235.13	
ESOP expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Group medical insurance	9,323.50	9,395.50	9,419.50	9,419.50	9,443.50	9,443.50	9,443.50	9,443.50	9,999.00	9,999.00	9,999.00	9,999.00	115,304.00	
Voluntary supplemental insurance	698.02	691.78	746.03	697.08	741.78	654.48	744.98	745.65	784.75	784.75	784.75	784.75	3,495.27	
Other benefits	29.36	5.22	1.80	2.82	1.44	625.00	109.00	600.00	100.00	170.00	100.00	100.00	1,644.64	
Car allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	
Workers comp insurance	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	13,705.44	
Contract labor	-	-	-	-	-	-	-	-	-	-	-	-	-	
Outsourced labor	-	-	-	-	-	-	-	-	-	-	-	-	-	
Regional allocation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capitalized salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Salary Related Expense</b>	<b>115,864.05</b>	<b>81,966.49</b>	<b>95,623.71</b>	<b>102,923.36</b>	<b>108,910.42</b>	<b>89,229.00</b>	<b>76,976.88</b>	<b>103,639.23</b>	<b>103,825.89</b>	<b>115,830.52</b>	<b>97,339.24</b>	<b>96,359.67</b>	<b>1,188,938.46</b>	
<b>Variable Expenses</b>														
Supplies and drug chargeable	28,688.40	20,436.97	17,389.41	30,729.56	28,309.27	18,723.22	22,052.35	24,300.51	35,892.09	36,019.81	18,500.97	22,883.66	306,010.22	
Supplies and drug non-chargeable	4,404.35	2,070.69	1,649.03	1,970.65	2,104.86	4,242.76	1,990.61	3,523.60	3,309.71	3,323.44	1,792.85	3,270.37	33,106.92	
Film	-	-	-	-	-	-	-	-	-	-	-	-	-	
Office supplies	721.70	1,057.16	624.64	714.65	930.67	397.13	529.08	773.20	832.37	729.02	432.65	564.66	8,316.93	
Telemedicine	-	-	-	-	-	-	-	-	-	-	-	-	-	
O&P devices and implants	20,911.07	15,084.90	13,411.67	33,635.46	22,547.32	32,041.06	40,554.74	25,980.36	30,377.90	31,777.38	31,341.73	23,001.70	371,474.49	
Drugs/medications	2,674.14	1,750.01	1,707.97	2,953.68	2,067.04	1,976.92	3,055.36	2,499.77	3,576.67	3,070.41	2,564.06	2,729.89	30,225.92	
Sports medicine	-	-	-	-	-	-	-	-	-	-	-	-	-	
Food and catering	186.61	320.53	227.28	324.76	193.16	193.16	375.18	345.00	306.28	376.28	338.77	186.41	3,224.31	
Housekeeping	621.84	521.92	527.99	768.95	1,074.77	526.73	730.72	639.78	701.02	1,072.63	525.70	794.67	8,606.32	
Linens	1,097.81	836.36	869.01	1,444.63	1,040.78	767.79	1,116.29	898.10	1,011.91	1,090.00	883.99	801.53	11,762.22	
Uniforms	-	-	-	-	-	-	-	-	-	-	-	-	-	
Minor equipment	450.99	326.56	433.66	1,604.77	923.61	1,416.32	2,032.70	5,716.71	2,475.51	3,738.77	2,679.00	8,220.86	30,039.72	
Equipment rental	124.95	-	-	4,323.25	5,769.34	2,831.79	4,323.25	4,680.89	4,015.02	3,816.09	2,738.86	2,660.75	34,106.08	



Surgical Care Affiliates

## FACILITY: 050221 (Surgery Center of S Illinois)

## Detail Income Statement

For Period Ending: December 31, 2008

Report ID: ISTRND

Operator ID: NVISION

Run Date: 01/16/09  
Run Time: 02:02 PM

	2008-1	2008-2	2008-3	2008-4	2008-5	2008-6	2008-7	2008-8	2008-9	2008-10	2008-11	2008-12	YTD
													Actual
Storage rental	160.00		25.00			470.00	25.00	160.00	639.28	675.00	160.00	604.35	3,558.74
Repair and maintenance	6,307.77	3,266.21	6,029.65	2,710.51	3,521.38	3,521.38	4,280.98	4,280.98	2,355.26	14,301.80	3,926.17	2,003.05	3,666.28
Maintenance contracts	1,946.10	1,946.06	3,328.60	3,328.60	3,328.60	3,328.60	3,328.60	3,328.60	3,328.60	3,328.60	3,328.60	3,328.60	3,328.60
Bank service charges	306.82	435.99	278.38	354.07	377.73	377.73	485.16	485.16	611.41	355.45	427.99	443.90	461.92
Debit card processing	248.75	624.81	(9.25)	138.75	138.75	138.75	541.75	541.75	1,428.75	183.75	1,428.75	1,428.75	4,921.70
Printing	1,195.82	1,511.09	578.72	464.74	278.73	278.73	1,009.06	472.13	500.00	1,005.16	67.71	207.25	4,701.06
Postage	500.00			500.00					500.00				500.00
Delivery	92.86	91.28	286.19	168.33	140.62	140.62	91.68	91.68	190.52	112.36	104.64	104.64	1,072.18
Telephone	1,942.62	1,430.51	1,571.37	2,998.84	2,601.91	2,601.91	3,353.32	3,353.32	2,209.27	1,115.13	3,395.73	1,691.28	21,836.25
Utilities	3,346.57	3,802.67	3,856.65	3,368.80	3,537.83	3,537.83	5,644.66	5,644.66	5,847.08	4,274.83	2,988.04	2,988.04	49,255.43
Flowers and gifts	53.13			56.98	30.00	30.00	50.00	50.00	7.51				197.62
Education			51.00		47.00	47.00			162.00				314.50
Recruitment and relocation	39.50												
Security													
Contract services	3,846.74	4,213.96	6,556.84	5,419.31	4,656.99	4,656.99	7,965.52	7,965.52	3,162.44	9,221.51	4,884.42	5,610.53	69,119.89
Custodial fees		80.94	306.25	125.00	310.32	310.32	285.56	285.56	353.41	341.43	309.37	137.09	5,232.16
Legal fees				1,614.26									1,614.26
Professional fees	1,200.00	1,200.00	1,222.00										3,622.00
Director fees	54,421.26	40,400.85	51,946.90	67,827.89	47,442.45	47,442.45	92,666.75	92,666.75	58,169.64	66,364.80	57,919.50	108,035.22	760,633.80
Office supplies													
Regional allocation													
Public information													
Travel	570.33	490.87	1,011.86	3,030.57	1,658.31	1,658.31	308.49	308.49	105.58	1,846.37	2,543.70	154.44	10,172.24
Community and special events													
Contributions													
Charitable contributions													
Joint venture mgmt. expenses													
Other venture expenses													
Total Variable Expenses	52.92	125.73	110,131.67	115,148.72	70.22	131,137.56	89.07	159.48	148,561.34	171,567.50	175,238.46	105.92	1,823,131.45
Fixed Expenses													
Rent													
Insurance and bonding													
Regional allocation													
Sales and use tax													
Property tax													
Miscellaneous taxes													
Indigent care tax													
Tax penalty													
Total Fixed Expenses	6,052.93	6,601.62	6,002.46	5,991.03	5,995.98	5,995.98	6,000.18	5,996.49	7,276.78	7,274.68	7,268.49	8,574.84	78,131.41
Provision for bad debt													
EBITDA	9,412.17	8,641.06	9,684.53	14,881.08	14,975.55	23,750.05	16,351.32	14,159.84	17,619.44	22,111.61	14,386.98	16,813.90	182,889.03
Depreciation expense	49,777.42	123,479.10	100,000.07	78,282.03	115,500.43	90,893.40	116,764.00	138,133.05	143,022.76	236,559.93	105,545.99	104,064.44	1,404,022.62
Amortization expense													
Interest expense	11,887.66	11,887.63	11,887.63	11,887.63	11,887.63	11,887.63	11,887.63	11,887.63	10,307.45	10,408.40	10,912.31	10,806.71	156,447.30
Interest income	(2,146.74)	(2,201.84)	(1,899.73)	(1,922.25)	(1,995.44)	(1,995.44)	(1,112.65)	(1,112.65)	(1,010.11)	(1,057.23)	(1,057.23)	(1,057.23)	(11,509.89)
Total EBITDA Before Minority Interest, Sale of Investment	277,284.12	216,426.63	236,447.54	305,712.03	273,018.95	263,815.29	304,503.83	281,654.24	310,540.78	331,211.24	266,805.24	328,607.77	3,398,027.66
Income (loss) before Minority Interest, Sale of Investment	40,006.50	113,793.31	90,011.95	68,316.66	103,500.99	79,828.51	108,031.25	128,833.71	132,771.59	225,823.96	94,775.22	93,409.66	1,279,085.31
Minority Interest													
Dispositions in Excess of Basis													
Impairment													
Excess Distributions over LP Basis													
Government Settlement and Litigation													
Early Extinguishment of Debt													
Other Non-Operating Costs													
Gain or Loss on Sale of Investment													
Net Income (Loss) Before Minority Interest, Sale of Investment	16,555.91	89,488.09	66,559.34	42,855.85	77,623.04	64,945.50	80,163.17	100,944.71	100,574.83	189,705.18	74,242.63	64,611.03	968,269.30
Minority Interest													
Dispositions in Excess of Basis													
Impairment													
Excess Distributions over LP Basis													
Government Settlement and Litigation													
Early Extinguishment of Debt													
Other Non-Operating Costs													
Gain or Loss on Sale of Investment													



FACILITY: 050221 (Surgery Center of S Illinois)  
 Detail Income Statement  
 For Period Ending: December 31, 2008  
 Report ID: ISTRND  
 Operator ID: NVISION

Run Date: 01/16/09  
 Run Time: 02:02 PM

	2008-1	2008-2	2008-3	2008-4	2008-5	2008-6	2008-7	2008-8	2008-9	2008-10	2008-11	2008-12	YTD	Actual
Net Income (Loss)	10,761.35	98,167.26	43,263.57	27,856.30	50,454.98	52,106.06	65,614.06	65,373.64	123,306.37	48,257.71	41,997.17	629,375.04		
EBIT	14,486.72	87,738.53	65,076.01	41,153.27	78,157.90	56,102.76	79,491.73	100,443.09	103,637.74	190,709.88	71,008.29	68,331.10	956,357.02	
EBITDA	49,777.42	123,479.10	100,000.07	78,282.03	115,500.43	90,891.40	118,764.00	138,133.05	143,072.76	236,559.93	105,545.99	104,064.44	1,404,022.62	
EBITDAR	49,777.42	123,479.10	100,000.07	78,282.03	115,500.43	90,891.40	118,764.00	138,133.05	143,072.76	236,559.93	105,545.99	104,064.44	1,404,022.62	
<b>Statistical Information:</b>														
Total FTE's	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonclinical FTE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinical FTE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surgical cases	260.00	225.00	224.00	329.00	311.00	272.00	314.00	313.00	313.00	355.00	272.00	296.00	3,484.00	
TU Salary related expense per case	445.63	364.30	426.89	312.84	350.19	328.05	244.99	331.12	331.71	326.28	357.86	327.23	341.26	
Variable case per case	523.51	489.47	514.06	522.65	421.66	500.28	619.40	474.64	548.14	493.69	503.64	661.16	523.29	
SVR and Variable cost per case	969.14	853.77	940.95	835.48	771.86	828.33	864.39	805.75	879.85	819.97	861.50	988.39	864.54	
Supply cost per case	217.99	174.85	152.49	210.45	176.94	209.32	213.86	186.28	233.57	208.74	201.76	175.30	198,283.79	
Fixed cost per case	23.28	26.67	26.80	18.21	19.28	20.94	19.11	19.16	23.25	20.49	26.72	28.97	22.43	
Total expense per case	1,066.48	961.90	1,055.57	929.22	877.37	977.26	969.76	899.85	992.14	932.99	980.90	1,110.16	975.32	
Net patient revenue per case	1,050.84	1,287.19	1,267.52	973.26	1,038.89	1,093.64	1,141.35	1,130.98	1,216.44	1,365.67	1,150.86	1,242.58	1,461.40	
Gross revenue per case	4,198.84	4,174.34	4,392.01	3,882.49	3,983.12	4,024.57	4,082.83	3,970.83	3,985.69	4,365.63	3,837.04	3,733.28	4,075.86	
Medicare mix	0.77	0.77	0.75	0.77	0.72	0.76	0.74	0.78	0.66	0.71	0.73	0.68	73.44%	
Discharges	-	-	-	-	-	-	-	-	-	-	-	-	-	
Inpatient days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Outpatient visits	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surgical cases	260.00	225.00	224.00	329.00	311.00	272.00	314.00	313.00	313.00	355.00	272.00	296.00	3,484	
Scans	-	-	-	-	-	-	-	-	-	-	-	-	-	





Center: 50221 (Marion Surgery Center)  
Detail Income Statement  
For Period Ending: December 31, 2009

Report ID: IS\_TRND  
Operator ID: isatnash

Run Date: 01/13/10  
Run Time: 08:08 PM

	2009-1	2009-2	2009-3	2009-4	2009-5	2009-6	2009-7	2009-8	2009-9	2009-10	2009-11	2009-12	YTD
<b>Gross Patient Revenue</b>													
<b>OP Revenue</b>	577,065.00	884,806.00	889,206.00	1,033,398.00	738,148.00	870,364.00	1,060,262.00	866,183.00	722,159.00	839,524.00	771,975.00	846,151.00	10,099,240.00
Medicare	83,616.00	106,195.00	107,640.00	126,991.00	81,901.00	62,911.00	104,398.00	104,729.00	90,161.00	68,643.00	84,979.00	58,932.00	1,017,270.00
Medicaid	72,145.00	86,835.00	107,640.00	126,991.00	52,898.00	62,911.00	65,356.00	124,944.00	106,161.00	147,640.00	152,124.00	152,124.00	1,109,627.00
BCBS	168,805.00	179,157.00	254,980.00	207,340.00	136,852.00	231,750.00	163,909.00	216,798.00	135,072.00	197,396.00	150,123.00	172,224.00	2,239,854.00
Managed Care and Oth Dis Plan	11,880.00	22,855.00	19,161.00	6,615.00	2,864.00	10,198.00	15,021.00	33,819.00	11,060.00	26,859.00	6,423.00	15,077.00	182,234.00
Workers' Compensation													
Other Payor													
Other	19,426.00	24,326.00	15,619.00	19,177.00	11,854.00	9,124.00	12,731.00	12,040.00	5,434.00	2,765.00	5,703.00	3,601.00	28,857.00
<b>OP Revenue</b>	934,437.00	1,304,392.00	1,339,809.00	1,457,048.00	1,044,517.00	1,269,503.00	1,437,631.00	1,354,524.00	1,070,636.00	1,287,854.00	1,084,997.00	1,247,264.00	14,832,632.00
<b>Gross Patient Revenue</b>	934,437.00	1,304,392.00	1,339,809.00	1,457,048.00	1,044,517.00	1,269,503.00	1,437,631.00	1,354,524.00	1,070,636.00	1,287,854.00	1,084,997.00	1,247,264.00	14,832,632.00
<b>Contractual Allowance</b>													
<b>OP Contractual Allowance</b>	435,741.78	669,001.82	672,416.82	784,762.44	538,704.22	640,171.10	803,148.46	654,920.97	546,457.72	634,092.48	581,297.17	638,167.08	7,638,882.06
Medicare	73,576.68	98,311.77	99,381.20	101,589.42	63,899.15	50,509.47	82,432.67	80,057.29	71,470.62	54,193.63	67,133.41	46,509.13	822,120.66
Medicaid	20,027.45	22,140.11	38,223.73	47,775.94	33,923.77	26,872.57	30,762.67	53,338.60	46,073.30	63,683.01	26,559.43	59,310.91	406,371.63
BCBS	95,297.66	111,630.82	152,313.20	127,667.85	80,211.01	122,589.50	78,637.18	117,130.79	70,439.23	98,108.33	76,885.15	94,478.28	1,234,451.50
Managed Care and Oth Dis Plan	6,571.01	12,128.86	13,283.40	4,522.68	1,484.41	7,023.32	4,632.33	12,897.69	4,151.14	9,389.91	2,366.58	5,435.21	80,704.54
Workers' Compensation													
Other Payor													
Other	11,158.01	17,787.17	11,382.90	13,646.35	6,677.08	8,871.64	8,871.64	3,452.87	3,038.15	1,550.41	3,365.54	3,169.33	42,403.05
<b>OP Contractual Allowance</b>	641,378.59	920,988.55	928,320.22	1,029,412.80	736,893.84	878,061.27	1,008,470.95	921,798.21	790,633.16	861,017.81	757,447.28	847,469.94	10,281,502.62
<b>Contractual Allowance</b>	641,378.59	920,988.55	928,320.22	1,029,412.80	736,893.84	878,061.27	1,008,470.95	921,798.21	790,633.16	861,017.81	757,447.28	847,469.94	10,281,502.62
<b>Net Patient Revenue</b>	293,058.41	383,393.45	411,488.78	427,635.20	307,623.16	391,441.73	429,160.05	432,735.79	320,002.84	426,836.19	327,549.72	399,794.06	4,550,729.38
<b>Other Income</b>													
<b>Rental Income</b>	46,719.96	58,134.30	62,256.08	60,250.31	42,698.63	38,075.62	63,966.69	54,735.50	57,610.79	56,488.71	48,986.83	55,397.78	665,321.22
<b>Other operating income</b>	46,719.96	58,134.30	62,256.08	60,250.31	42,698.63	38,075.62	63,966.69	54,735.50	57,610.79	56,488.71	48,986.83	55,397.78	665,321.22
<b>Net Revenue</b>	339,778.37	441,527.75	473,744.86	487,885.51	350,321.79	429,517.35	493,126.74	487,461.29	377,613.63	483,324.90	376,536.57	455,191.84	5,216,050.60
<b>Salaries and benefits</b>													
<b>Salaries</b>	68,048.96	69,815.30	90,807.86	88,377.94	75,124.54	115,004.04	89,426.14	73,626.89	132,261.05	96,196.24	76,772.01	83,778.75	1,059,234.72
FICA	6,005.71	6,868.68	11,604.81	8,644.38	8,956.87	8,285.77	7,121.38	5,751.16	9,937.76	6,650.55	5,784.26	6,196.01	91,807.84
FUTA	975.04	1,035.08	1,093.08	1,093.08	1,093.08	1,093.08	1,093.08	1,093.08	1,093.08	1,093.08	1,093.08	1,093.08	12,124.12
SUI	1,908.46	1,008.69	2,683.05	2,198.52	1,989.60	2,068.35	2,008.13	1,463.71	2,309.55	1,725.91	1,347.29	66.73	4,853.20
401K	1,416.47	1,704.77	2,683.05	2,198.52	1,989.60	2,068.35	2,008.13	1,463.71	2,309.55	1,725.91	1,347.29	66.73	4,853.20
<b>Group Mail Ins</b>	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	10,008.00	122,302.00
<b>Voluntary Supplemental Insurance</b>	244.82	244.82	244.82	244.82	244.82	244.82	244.82	244.82	244.82	244.82	244.82	244.82	2,843.15
<b>Other Benefits</b>	685.00	685.00	685.00	685.00	685.00	685.00	685.00	685.00	685.00	685.00	685.00	685.00	8,350.00
<b>Work Comp Ins</b>	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	1,142.12	13,553.31
<b>Salaries and benefits</b>	89,740.58	91,733.32	118,340.83	110,987.33	97,826.41	136,670.36	109,906.77	92,236.68	156,563.07	116,617.98	95,903.06	100,387.26	1,319,926.65
<b>Variable Expenses</b>													
<b>Med Supplies - Chargeable</b>	28,408.66	24,550.70	34,061.11	41,651.52	19,711.54	33,403.38	35,279.93	31,883.32	28,381.48	35,567.95	26,079.82	23,453.25	363,372.66
<b>Med Supplies - Non Chargeable</b>	1,744.51	2,387.46	2,225.86	2,980.78	1,436.81	78.49	132.35	1,839.58	1,839.58	973.74	980.58	1,424.61	16,766.95
<b>OKP Services and Implants</b>	26,276.50	26,707.31	29,880.83	29,578.85	34,016.82	34,016.82	46,955.78	28,412.41	26,574.23	30,074.93	32,944.69	24,022.08	365,276.78
<b>Drugs and Medicine</b>	2,924.30	1,885.19	2,893.63	2,645.15	3,490.70	2,656.35	2,934.71	2,664.82	2,759.25	3,098.01	2,350.27	2,844.41	33,146.79
<b>Food and Catering</b>	373.72	411.33	231.85	238.22	238.22	238.22	238.22	238.22	238.22	238.22	238.22	238.22	2,844.41
<b>Office Supplies</b>	453.31	680.74	832.13	794.33	553.11	534.89	675.97	1,163.47	666.67	1,043.24	524.30	589.78	9,144.45
<b>Housekeeping and Janitorial</b>	704.80	670.59	847.07	794.33	553.11	534.89	675.97	1,163.47	666.67	1,043.24	524.30	589.78	9,144.45
<b>Laundry</b>	994.17	919.62	1,034.37	1,189.23	1,128.43	1,062.64	1,055.64	928.74	1,007.56	1,067.63	1,055.24	1,342.43	12,785.72
<b>Uniforms</b>	222.31	1,972.94	447.81	1,046.49	2,959.96	862.96	2,012.09	1,379.28	2,828.62	1,372.80	1,788.32	264.72	26,873.44
<b>Minor Equipment</b>	612.85	3,150.37	5,993.37	1,152.67	1,945.81	1,049.99	6,321.48	6,087.30	6,321.48	6,087.30	2,541.99	34,722.74	34,722.74
<b>Rental Equipment</b>	2,372.80	2,372.80	470.96	2,372.80	1,403.32	943.18	921.12	1,403.92	470.96	383.01	472.36	52.36	4,058.05
<b>Supplies - including Data</b>	5,955.51	2,095.51	3,849.76	10,052.20	6,009.51	9,451.18	4,375.31	5,865.17	5,865.17	2,194.69	1,915.23	2,019.44	31,694.27
<b>Repairs</b>	975.25	3,311.31	2,008.16	1,884.49	2,411.87	2,008.17	2,008.17	2,008.17	2,008.17	2,008.17	2,008.17	2,008.17	26,511.25
<b>Main Contracts</b>	344.78	605.99	296.29	421.11	344.78	447.28	734.75	847.43	695.42	370.96	362.58	3,288.33	6,090.33
<b>Bank Service Charges</b>	501.75	388.75	154.38	154.38	438.75	138.75	138.75	869.76	138.75	138.75	253.75	3,545.35	3,545.35
<b>Dues and Subscriptions</b>	401.72	285.81	943.64	463.63	95.24	1,805.93	39.46	932.40	1,680.01	1,680.01	1,680.01	1,680.01	6,512.55
<b>Printing</b>	724.31	611.23	1,789.61	1,34.45	430.69	692.55	761.19	180.86	83.47	604.54	175.69	723.96	723.96
<b>Postage and Delivery</b>													





Center: 50221 (Marlon Surgery Center)  
 Detail Income Statement  
 For Period Ending: December 31, 2009  
 Report ID: US\_TEND  
 Operator ID: nlzondh

USDEFTUSC04581N01N1V150NMINSTAC02RTN021.00

Run Date: 01/13/10  
 Run Time: 08:08 PM

	2009-1	2009-2	2009-3	2009-4	2009-5	2009-6	2009-7	2009-8	2009-9	2009-10	2009-11	2009-12	YTD
													Actual
Total expense per case	1,110.91	789.92	932.08	818.88	1,003.04	852.31	849.10	749.74	1,240.69	934.82	949.24	891.07	914.35
Net patient revenue per case	1,221.08	1,137.67	1,203.18	1,116.59	1,152.15	1,137.91	1,195.43	1,166.38	1,063.13	1,289.54	1,125.60	1,204.20	1,167.45
Gross revenue per case	3,893.49	3,870.60	3,917.57	3,804.36	3,912.05	3,690.42	4,004.54	3,651.01	3,556.93	3,890.80	3,728.51	3,756.82	3,805.19
Medicare mix	0.62	0.68	0.66	0.71	0.71	0.69	0.74	0.64	0.67	0.65	0.71	0.68	68.09%
Discharges	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient days	-	-	-	-	-	-	-	-	-	-	-	-	-
Outpatient visits	-	-	-	-	-	-	-	-	-	-	-	-	-
Surgical cases	240	337	342	383	267	344	359	371	301	331	291	332	3,898
Scale	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
	68,048.96	69,815.30	90,802.86	88,377.94	75,124.54	115,004.04	89,426.14	73,626.89	132,261.05	96,196.24	76,772.01	83,778.75	1,059,234.72

**Surgery Center of Southern Illinois**  
**Budget projections**

		2010 Budget	2010 actual	2011 Budget	2012 Budget	2013 budget
Cases		3,750	1,750	1,912	2,084	2,271
Gross Rev per Case	#DIV/0!	3,654	3,464	3,600	3,600	3,321
Net Pat Rev per Case	#DIV/0!	1,173	1,146	1,240	1,240	1,292
Cases per FTE		288	117	130	139	151
Supplies as a % of Net Revenue		18%	13%	14%	14%	14%
Supplies per case		214	174	158	163	164
FTE's	-	27	15.00	15.00	15.00	15.00
SWB per Case	#DIV/0!	340	547	340	340	340
SWB % of Net Patient R	#DIV/0!	25.00%	41.00%	38.50%	42.56%	35.65%
Variable expense per Cas	#DIV/0!	261	562	400	400	400
Variable expense % of N	#DIV/0!	20.00%	43.00%	38.00%	38.00%	38.00%
Fixed expense per Case	#DIV/0!	25	49	28	36	34
Fixed expense % of Net I	#DIV/0!	2.16%	3.70%	3.66%	3.33%	2.71%
EBITDA per Case	#DIV/0!	468	(64)	200	200	409

**Statistics - Case Mix**

Anesthesia Cases	-	-	-	-	-	
ENT Cases	-	-	-	-	-	
Gastro Cases	-	-	-	-	-	
General Surgery Cases	-	-	5	10	17	
Gynecology Cases	-	-	8	11	16	
Neurology Cases	-	-	-	-	-	
Ophthalmology Cases	2,855	925	900	972	1,050	
Oral Surgery Cases	100	66	68	76	90	
Orthopedic Cases	-	-	71	80	97	
Pain Mgmt Cases	700	702	780	840	890	
Plastics/Dermatology Cases	20	18	30	38	41	
Podiatry Cases	75	39	50	57	70	
Urology Cases	-	-	-	-	-	
Other Cases	-	-	-	-	-	
<b>Total Statistics - Case M</b>	-	3,750	1,750	1,912	2,084	2,271

### Gross Revenue per Case Mix

Anesthesia	-	-	-	-	-	-
ENT	-	-	-	-	-	-
Gastro	-	-	-	-	-	-
General Sur	-	-	3,000	3,000	3,000	3,000
Gynecology	-	-	3,000	3,273	3,000	3,000
Neurology	-	-	-	-	-	-
Ophthalmol	-	3,371	3,371	3,905	3,928	4,511
Oral Surger	-	2,159	2,159	2,314	2,183	2,274
Orthopedic	-	-	4,000	4,000	4,000	4,000
Pain Mgmt	-	2,476	2,476	2,476	2,484	2,484
Plastics/Der	-	4,645	4,645	2,745	2,896	3,193
Podiatry	-	2,024	3,981	3,673	5,362	4,028
Urology	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Gross Revenue p</b>	-	3,344	3,326	3,409	3,307	3,556

### Total Revenue by Case Mix

Anesthesia Revenue	-	-	-	-	-	-
ENT Revenue	-	-	-	-	-	-
Gastro Revenue	-	-	-	-	-	-
General Surgery Revenue	-	-	15,000	30,000	51,000	51,000
Gynecology Revenue	-	-	24,000	36,000	48,000	48,000
Neurology Revenue	-	-	-	-	-	-
Ophthalmology Revenue	9,625,393	3,814,829	3,514,088	3,818,486	4,736,474	4,736,474
Oral Surgery Revenue	4,925	157,607	157,350	165,883	204,659	204,659
Orthopedic Revenue	-	-	252,000	34,000	412,000	412,000
Pain Mgmt Revenue	486,000	1,787,057	1,931,594	2,084,774	2,211,112	2,211,112
Plastics/Dermatology Re	1,598,900	83,617	82,350	110,032	130,921	130,921
Podiatry Revenue	151,807	155,261	183,626	305,652	281,939	281,939
Urology Revenue	-	-	-	-	8,076,105	8,076,105
Other Revenue	-	-	-	-	-	-
<b>Total Revenue by Case</b>	-	#####	6,062,747	6,160,008	6,890,828	8,076,105

### Mix %'s

### OP Revenues

43.49%	73.33%	Medicare revenue	7,682,009	3,157,415	2,675,483	2,790,225	3,614,119
5.80%	83.00%	Medicaid revenue	766,413	130,643	357,151	376,775	160,914
20.40%	31.00%	BCBS revenue	892,741	771,415	1,254,833	1,515,417	1,515,417
21.55%	13.66%	Managed Care revenue	3,330,249	1,662,999	1,325,956	1,261,894	1,448,348
7.57%	0.57%	Workers Comp revenue	446,906	250,857	465,486	645,486	809,211
0.00%	0.00%	Commercial revenue	42,288	8,250	-	-	-
1.20%	0.56%	Other revenue	293,310	81,168	73,683	113,465	124,792
100.00%	202.12%	<b>Total OP Re</b>	-	#####	6,062,747	6,152,592	6,703,262

**Total Patient Revenues** - ##### 6,062,747 6,152,592 6,703,262 7,672,802

Discount %s	Contractual Adjustments						
73.36%	75.56%	Medicare contractals	5,894,113	2,388,280	2,015,828	2,102,489	2,722,718
83.00%	78.70%	Medicaid contractals	634,015	101,261	294,650	310,839	132,754
57.32%	55.92%	B/C B/S contractals	283,709	323,791	738,722	942,534	740,743
61.96%	51.46%	Managed Care contractals	1,872,171	1,103,806	821,593	781,606	897,359
			258,132	-	-	-	-
11.00%	30.77%	Workers Comp contractals	7,387	102,078	149,987	207,986	2,607,410
60.85%	#DIV/0!	Commercial contractals	187,234	38,555	-	-	-
68.16%	62.84%	Other contractals		-	50,226	77,343	85,064
66.17%	70.86%	Total Contr	-	9,136,761	4,057,770	4,071,006	4,422,798
							7,839,380

#### Please Justify Adjustments

Net Patient Revenue - 4,317,153 2,004,977 2,081,586 2,280,464 2,833,421

#### Other Income

Rental income - - - - -

Anesthesia income 289,985 292,000 340,000 375,000

Net Revenue - 4,317,153 2,294,963 2,373,586 2,620,464 3,208,421

#### Salary Expenses

Salaries and wages 991,530 715,927 570,000 715,927 750,000

Wage transfers - - - - -

FICA expense 90,083 80,437 64,041 80,437 84,265

FUTA expense 2,513 1,555 1,238 1,555 1,629

SUI expense 5,044 6,679 5,318 6,679 6,997

401(k) expense 23,039 22,729 18,096 22,729 23,811

ESOP expense 0 - - - -

Group medical insurance 122,654 115,768 127,345 127,345 123,345

Vol/supplemental insuran 2,833 2,470 1,967 2,470 2,588

Other benefits 430 342 430 450

Car allowances - - 0 - -

Workers comp insurance 13,489 10,381 13,023 13,023 13,023

Contract labor - - 0 - -

Outsourced Labor - - - - -

Regional allocation - - - - -

Capitalized salaries 0 - - - -

Salary Related Expense - 1,251,185 956,375 801,370 970,594 1,010,107

#### Variable Expenses

Supplies med/surg-charg 369,338 126,429 128,958 160,000 175,000

Supplies med/surg-NonC - 25,609 26,121 28,000 28,500

Film - - - - -

Office supplies 9,000 5,735 5,735 5,792 6,000

Telemedicine - - - - -

O&P devices and implant 381,789 132,248 133,570 133,570 145,000

Drugs/medicines 32,748 18,193 18,739 18,739 25,000

Sports medicine	-	-	-	-	-	
Food and catering	2,938	1,780	1,780	1,780	2,500	
Housekeeping	8,400	5,866	5,925	5,925	6,000	
Linens	12,600	11,213	11,213	11,213	12,000	
Uniforms	-	8,610	8,610	8,610	8,610	
Minor equipment	33,000	27,613	28,165	28,165	35,000	
Equipment rental	30,000	23,595	23,123	23,123	23,123	
Storage rental	3,000	2,357	2,357	2,357	2,357	
Repair and maintenance	61,200	32,664	32,991	32,991	45,000	
Maintenance contracts	25,200	22,116	22,116	22,116	22,116	
Bank service charges	5,400	4,419	4,375	4,375	4,375	
Dues and subscriptions	3,600	3,002	2,972	2,972	2,972	
Printing	-	5,645	5,533	5,533	5,533	
Postage	1,500	1,000	600	600	600	
Delivery	6,900	2,018	2,018	2,018	2,018	
Telephone	20,811	18,253	17,888	17,888	1,788	
Utilities	48,778	43,892	44,331	44,331	48,000	
Flowers and gifts	-	-	-	-	-	
Education	1,500	3,126	1,500	1,500	4,000	
Recruitment and relocation	-	19,160	-	-	-	
Security	-	194	194	194	194	
Contract services	62,242	81,593	78,129	78,329	85,000	
Collection fees	2,580	2,195	2,195	2,195	3,000	
Legal fees	-	49,627	-	-	-	
Professional fees	603,600	598,524	513,000	513,000	530,000	
Director fees	2,496	692	692	692	-	
Office allocations	-	-	-	-	-	
Regional allocation	-	-	-	-	-	
Public information	-	1,736	1,736	1,736	1,500	
Travel	14,892	6,507	4,000	4,000	4,000	
Community and special events	-	-	-	-	-	
Contributions	-	-	-	-	-	
Capitalized cost - other	-	-	-	-	-	
Joint venture mgmt. expense	-	-	-	-	-	
Other variable expenses	3,000	11,049	5,524	5,524	5,524	
Total Variable Expense	-	1,746,511	1,296,661	1,134,090	1,167,268	1,250,810
Fixed Expenses						
Rent	-	-	0	-	-	-
Insurance and bonding	62,426	43,962	43,106	43,106	45,000	-
Regional allocation	-	-	0	-	-	-
Sales and use tax	-	(1,013)	(1,047)	(1,156)	(1,416)	-
Property tax	31,020	33,102	34,095	34,095	35,000	-
Miscellaneous taxes	-	-	0	-	-	-
Indigent care tax	-	-	0	-	-	-
Tax penalty	-	-	0	-	-	-
Total Fixed Expenses	-	93,446	76,051	76,154	76,075	78,584

Provision for bad debt		93,446	86,052	86,052	86,052	87,500
EBITDA	-	1,132,565	(120,177)	275,721	320,505	781,720
Depreciation expense		110,110	173,587	177,364	177,364	240,000
Amortization expense		-	-	-	-	-
Interest expense		4,997	1,868	-	-	-
Interest income		(19,203)	17,506	(17,506)	(17,506)	(17,506)
	-	95,904	157,949	159,858	159,858	222,494
Total Exp Before Mgmt	-	3,280,492	2,573,088	2,257,524	2,459,817	2,647,601
Income (loss) before Mg	-	1,036,661	(278,125)	115,863	160,648	560,820
		-		-	-	
		-		-	-	
				-		
Net Income (Loss) before	-	648,658	(595,800)	115,863	160,648	

26.23%

Total FTE's 324 15

#### Medicare Revenue

Anesthesia Revenue  
ENT Revenue  
Gastro Revenue  
General Surgery Revenue  
Gynecology Revenue  
Neurology Revenue



07-061  
Original Signatures

ILLINOIS HEALTH FACILITIES PLANNING BOARD

ORIGINAL

APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION (IDEN)

RECEIVED

This section must be completed for all projects.

MAR 23 2007

A. Facility/Project Identification

Facility Name Mt. Vernon Eye Center

Street Address 2900 Broadway

County Jefferson

Zip 62864

City Mt. Vernon  
Illinois State Representative District 107th

HEALTH FACILITIES  
PLANNING BOARD

B. Applicant Identification (provide for each co-applicant [refer to Part 1130.220] and insert after this page)

Exact Legal Name Surgical Center Holding, LLC

Address 24 Cardinal Drive

Murphysboro, Illinois 62966

Name of Registered Agent Magbool Ahmad, M.D.

Name of Chief Executive Officer Magbool Ahmad, M.D.

Title President

CEO Address 3111 Broadway Street, Mt. Vernon, Illinois 62864

Telephone No. (618) 244-2777

Type of Ownership: ☐ Non-profit Corporation ☐ For-profit Corporation ☒ Limited Liability Company  
☐ Partnership ☐ Governmental ☐ Sole Proprietorship ☐ Other (specify) \_\_\_\_\_

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 IDEN-1 AFTER THE LAST PAGE OF THIS SECTION.

C. Primary Contact Person (person who is to receive correspondence or inquiries during the review period)

Name Charles H. Foley

Title Health Care Consultant

Company Name Charles H. Foley & Associates, Inc.

Address 1638 South MacArthur Boulevard

Springfield, Illinois 62704

Telephone No. (217) 544-1551

E-mail Address foley.associates@sbcglobal.net

Fax Number (217) 544-3615

D. Additional Contact Person (persons such as consultant, attorney, financial representative, registered agent, etc. who also is authorized to discuss application and act on behalf of applicant)

Name Magbool Ahmad, M.D.

Title \_\_\_\_\_

Company Name Marion Eye Centers & Optical

Address 3111 Broadway Street

Mt. Vernon, Illinois 62864

Telephone No. (618) 244-2777

E-mail Address \_\_\_\_\_

Fax Number (618) 997-5505

E. Post Permit Contact Person (person to whom all correspondence and inquiries pertaining to the project subsequent to permit issuance are to be directed)

Name Magbool, Ahmad, M.D.

Title \_\_\_\_\_

Company Name Marion Eye Centers & Optical

Address 3111 Broadway Street

Mt. Vernon, Illinois 62864

Telephone No. (618) 244-2777

E-mail Address \_\_\_\_\_

**F. Site Ownership** (complete this information for each applicable site and insert after this page)Exact Legal Name of Person Who Owns Site Surgical Center Holding, LLCAddress of Site Owner 24 Cardinal Drive, Murphysboro, Illinois 62966Street Address or Legal Description of Site 2900 Broadway**G. Operating Entity/Licensee** (complete this information for each applicable facility and insert after this page)Exact Legal Name Marion Eye Surgery Center, LLCAddress 1200 West DeYoung Street, P.O. Box 1178, Marion, Illinois 62959Type of Ownership: ☐ Non-profit Corporation ☐ For-profit Corporation ☒ Limited Liability Company  
☐ Partnership ☐ Governmental ☐ Sole Proprietorship ☐ Other (specify) \_\_\_\_\_

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 IDEN-2 AFTER THE LAST PAGE OF THIS SECTION.****H. Organizational Relationships**

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

**APPEND DOCUMENTATION AS ATTACHMENT IDEN-3 AFTER THE LAST PAGE OF THIS SECTION.****I. Status of Previous Certificate of Need Projects**

Provide the project number for any of the applicant's projects that have received permits but are not yet complete (completion is defined in Part 1130.140) and provide the current status of the project. If all projects are complete, indicate NONE: NONE

**J. Flood Plain Requirements** (refer to instructions for completion of this application)

Provide documentation regarding compliance with the Flood Plain requirements of Executive Order #4, 1979.

**APPEND DOCUMENTATION AS ATTACHMENT IDEN-4 AFTER THE LAST PAGE OF THIS SECTION.****K. Historic Resources Preservation Act Requirements** (refer to instructions for completion of this application)

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

**APPEND DOCUMENTATION AS ATTACHMENT IDEN-5 AFTER THE LAST PAGE OF THIS SECTION.****L. Project Classification** (check those applicable, refer to Part 1110.40 and Part 1120.20.b)

1. Part 1110 Classification  
☒ Substantive  
☐ Non-substantive

2. Part 1120 Applicability or Classification: (check one only)  
☐ Part 1120 Not Applicable ☐ Category A Project  
☐ DHS or DVA Project ☒ Category B Project

### M. Narrative Description

Provide in the space below a brief narrative description of the project. Explain what is to be done, NOT why it is being done. Include the rationale as to the project's classification as substantive or non-substantive. If the project site does NOT have a street address, include a legal description of the site.

The Applicant consists of **SURGERY CENTER HOLDING, LLC** (Owner), **MARION EYE SURGERY CENTER LLC** (Operator) and **Maqbool Ahmad, MD** doing business as **Mt. Vernon Eye Center**. The site of the proposed project is 2900 Broadway, Mt. Vernon, Jefferson County, Illinois. The Applicant is proposing the construction of a single specialty of Ophthalmology, single-story that will contain approximately 6000 gross square feet. The project is estimated to be \$2,340,400. All construction will comply with the *77 Illinois Administrative Code, Chapter I, Subchapter b, Section 205.1310 Ambulatory Surgical Treatment Center* (hereafter known as *ASTC*) *Plant and Services Requirements*. Specifically, this proposal will establish two operating suites with six recovery rooms, two of which will be stage one and the balance will be stage two recovery rooms. Since this project is for the establishment of a new category of service, it is classified as Substantive per part 1110.40 of the 77 Illinois Administrative Code, Chapter II, Section 1110, Subchapter a.

**N. 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 1190.40.b) of the component must be included in the estimated project cost. If the project contains components that are not related to the provision of health care, complete an additional table for the portions that are solely for health care and insert that table following this page (e.g. separate a nursing home's costs from the components of a retirement community; separate patient care area costs from a hospital project that includes a parking garage).

<b>PROJECT COST AND SOURCES OF FUNDS</b>	
Preplanning Costs	\$10,000
Site Survey and Soil Investigation	\$10,000
Site Preparation	\$50,000
Off Site Work	\$0
New Construction Contracts	\$1,097,400
Modernization Contracts	\$0
Contingencies	\$95,000
Architectural/Engineering Fees	\$88,000
Consulting and Other Fees	\$100,000
Movable or Other Equipment (not in construction contracts)	\$890,000
Bond Issuance Expense (project related)	\$0
Net Interest Expense During Construction (project related)	\$0
Fair Market Value of Leased Space or Equipment	\$0
Other Costs To Be Capitalized	\$0
Acquisition of Building or Other Property (excluding land)	\$0
<b>ESTIMATED TOTAL PROJECT COST</b>	<b>\$2,340,400</b>

Cash and Securities	\$2,340,400
Pledges	\$0
Gifts and Bequests	\$0
Bond Issues (project related)	\$0
Mortgages	\$0
Leases (fair market value)	\$0
Governmental Appropriations	\$0
Grants	\$0
Other Funds and Sources	\$0
<b>TOTAL FUNDS</b>	<b>\$2,340,400</b>

**O. Related Project Costs**

1. 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:

X No land acquisition is related to project; Purchase Price \$ 445,000.00 ; Fair Market Value \$ \_\_\_\_\_

2. Does the project involve establishment of a new facility or a new category of service? X Yes ☐ No

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

Estimated start-up costs and operating deficit cost is \$ 35,000.

**P. Project Status and Completion Schedules**

1. Indicate the stage of the project's architectural drawings:

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

2. Provide the following dates (indicate N/A for any item that is not applicable):

25% of project costs expended July 2008 50% of project costs expended October 2008  
 75% of project costs expended January 2009 95% of project costs expended April 2009  
 100% of project costs expended May 2009 Midpoint of construction date November 2008  
 Anticipated project completion date (refer to Part 1130.140) August 2009

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

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

**APPEND DOCUMENTATION AS ATTACHMENT INFO-6 AFTER THE LAST PAGE OF THIS SECTION.**

**Q. Cost/Space Requirements**

Provide in the format of the following example the gross square footage (GSF) and the attributable portion of total project cost for each department/area. Identify each piece of major medical equipment. 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 measurement plus the department or area's portion of the surrounding circulation space. Indicate the proposed use of any vacated space.

Department/Area	Cost	Gross Square Feet		Amount of		Proposed Total GSF That Is:	
		Existing	Proposed	New Const.	Remodeled	As Is	Vacated Space
Dietary	\$1,150,000	3,000	6,000	3,000	1,000	2,000	
Radiation Therapy	3,250,000*	4,000(1)	5,500	5,500			
Medical Records	300,000	2,500	6,500		4,000(1)	2,500	
TOTAL	4,700,000	9,500	18,000	8,500	5,000	4,500	

\*Includes \$1,500,000 for an 18 MEV linear accelerator

(1) Existing radiation therapy space will be vacated and remodeled and converted to medical records.

**APPEND DOCUMENTATION AS ATTACHMENT INFO-7 AFTER THE LAST PAGE OF THIS SECTION.**

## N/A R. Facility Bed Capacity and Utilization

1. Complete the following chart as applicable. Complete a separate chart for each facility that is part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest 12 month period for which data is available. Any bed capacity discrepancy from the Inventory will result with the application being deemed incomplete.

FACILITY NAME \_\_\_\_\_ CITY \_\_\_\_\_

REPORTING PERIOD DATES: From \_\_\_\_\_ to \_\_\_\_\_

Category of Service	Existing # of Beds	Number of Admissions	Patient Days	Bed Changes	Proposed # of Beds
Medical/Surgical					
Pediatrics					
Obstetrics					
Intensive Care					
Neonatal ICU					
Acute Mental Illness					
Rehabilitation					
Nursing Care					
Sheltered Care					
Other (identify)					
Other (identify)					
Other (identify)					
<b>TOTAL</b>					

2. Is the facility certified for participation in the Medicare "swing bed" (i.e. acute care beds certified for extended care) program? \_\_\_\_\_ Yes \_\_\_\_\_ No
3. For the following categories of service, indicate the number of existing beds that are Medicare certified and the number of existing beds that are Medicaid certified (if none, so indicate):

Service	# Medicare Beds	# Medicaid Beds
Nursing Care	_____	_____
ICF/DD Adult	_____	_____
Children DD	_____	_____

# 8. Certification

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are in the case of a corporation, any two of its officers or members of its board of directors; in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist); in the case of a partnership, two of its general partners (or the sole general partner when two or more general partners do not exist); in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and in the case of a sole proprietor, the individual that is the proprietor. The signature(s) must be notarized. If the application has co-applicants, a separate certification page must be completed for each co-applicant and inserted following this page. One copy of the application must have the ORIGINAL signatures for all persons that sign for the applicant and for each of the co-applicants.

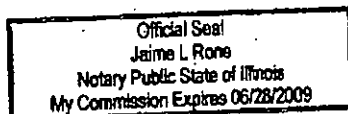
This Application for Permit is filed on behalf of Surgery Center Holding, LLC in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the 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.

*Maqbool Ahmad*  
Signature  
Printed Name MAQBOOL AHMAD  
Printed Title PRESIDENT

\_\_\_\_\_  
Signature  
Printed Name \_\_\_\_\_  
Printed Title \_\_\_\_\_

Notarization:  
Subscribed and sworn to before me  
this 23 day of March  
*Jaime L. Rone*  
Signature of Notary

Seal



Notarization:  
Subscribed and sworn to before me  
this 23 day of March  
*Jaime L. Rone*  
Signature of Notary

Seal



\*Insert EXACT legal name of the applicant

**S. Certification**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are in the case of a corporation, any two of its officers or members of its board of directors; in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist); in the case of a partnership, two of its general partners (or the sole general partner when two or more general partners do not exist); in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and in the case of a sole proprietor, the individual that is the proprietor. The signature(s) must be notarized. If the application has co-applicants, a separate certification page must be completed for each co-applicant and inserted following this page. One copy of the application must have the ORIGINAL signatures for all persons that sign for the applicant and for each of the co-applicants.

This Application for Permit is filed on behalf of Marion Eye Surgery Center, LLC 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.

  
Signature

Printed Name MAQBOOL AHMAD

Printed Title PRESIDENT


\_\_\_\_\_  
Signature

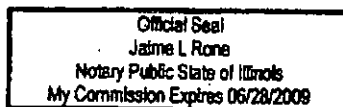
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Printed Name

\_\_\_\_\_  
Printed Title


**Notarization:**

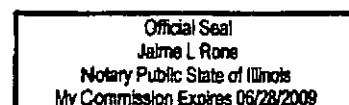
Subscribed and sworn to before me  
this 23 day of March

  
Signature of Notary

**Seal****Notarization:**

Subscribed and sworn to before me  
this 23 day of March

  
Signature of Notary

**Seal**

\*Insert EXACT legal name of the applicant



## Illinois Health Facilities Planning Board

Application for Permit February 2003 Edition Page 7

## S. Certification

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This Application for Permit is filed on behalf of Surgery Center Holdings, LLC  
Maqbool Ahmad, M.D.  
 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.

Maqbool Ahmad  
 Signature

Printed Name MAQBOOL AHMAD

Printed Title PRESIDENT

Maqbool Ahmad  
 Signature

Printed Name MAQBOOL AHMAD

Printed Title SECRETARY

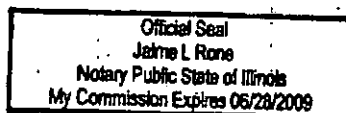
## Notarization:

Subscribed and sworn to before me

this 23 day of March

Jaime L. Rone  
 Signature of Notary

Seal



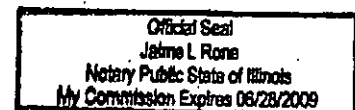
## Notarization:

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this 23 day of March

Jaime L. Rone  
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Seal



\*Insert EXACT legal name of the applicant

**SECTION XVII. REVIEW CRITERIA RELATING TO NON-HOSPITAL  
AMBULATORY SURGERY (ASTC)**

**C. Criterion 1110.1540.c, Projected Patient Volume**

Read the criterion and provide signed letters from physicians that contain the following:

1. The number of referrals anticipated annually for each specialty.

Please refer to the physician referral letters appended as ATTACHMENT GRC-3C. The five physicians have the single specialty of Ophthalmology. Their referral letters are projecting a minimum of 1,235 referrals to the proposed ASTC annually. In addition, these doctors will continue referring cases to area hospitals should accessibility not be an issue as well as to other freestanding ASTCs depending on the patient's origin.

2. For the past 12 months, the name and address of health care facilities to which patients were referred, including the number of patients referred for each surgical specialty by facility.

The following is a summary of physician referral letters as taken from ATTACHMENT GRC-3C.

Maqbool Ahmad, M.D. performed 2,371 outpatient surgeries in the past twelve months. The cases were all performed in the HealthSouth Surgery Center in Marion Williamson County. Statistically, 16.78% or 398 cases originated from within the 30-minute travel time. With no less costly alternatives available in Mt. Vernon, Dr. Ahmad had to require his patients to travel 40 minutes or more to the Marion facility or to the more costly alternative of a hospital setting.

**ATTACHMENT ASTC-2**