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JAN 18 2012

HEALTH FACILITIES & SERVICES REVIEW BOARD

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

E-001-12

1. **INFORMATION FOR EXISTING FACILITY**

Current Facility Name Ottawa Regional Hospital & Healthcare Center
Address 1100 East Norris Drive
City Ottawa Zip Code 61350 County LaSalle County
Name of current licensed entity for the facility Ottawa Regional Hospital & Healthcare Center
Does the current licensee: own this facility X OR lease this facility ____ (if leased, check if sublease ☐)
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental
____ Limited Liability Company ____ Other, specify ____
Illinois State Senator for the district where the facility is located: Sen. Sue Rezin
State Senate District Number 38 Mailing address of the State Senator 103 D Capitol Building
Springfield, IL 62706
Illinois State Representative for the district where the facility is located: Rep. Pam Roth
State Representative District Number 75 Mailing address of the State Representative ____
214 N. Stratton Office Building, Springfield, IL 62706

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes ☐ No ☒. 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 OSF Healthcare System
Address 800 N.E. Glen Oak Avenue
City, State & Zip Code Peoria, Illinois 61603
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental
____ Limited Liability Company ____ Other, specify ____

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

Exact Legal Name of Entity to be Licensed Ottawa Regional Hospital & Healthcare Center
Address 1100 E. Norris Drive
City, State & Zip Code Ottawa, Illinois 61350
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental
____ Limited Liability Company ____ Other, specify ____

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

Exact Legal Name of Entity That Will Own the Site Ottawa Regional Hospital & Healthcare Center
Address 1100 E. Norris Drive
City, State & Zip Code Ottawa, Illinois 61350
Type of ownership of the current licensed entity (check one of the following:) ____ Sole Proprietorship
X Not-for-Profit Corporation ____ For Profit Corporation ____ Partnership ____ Governmental
____ Limited Liability Company ____ Other, specify ____

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:** $0.00 (Please see Narrative Description at Attachment # 3)

12. **FAIR MARKET VALUE OF THE FACILITY:** $58,026,000 (net book value) as of October 31, 2011.
(to determine fair market value, refer to 77 IAC 1130.140)

13. **DATE OF PROPOSED TRANSACTION:** Closing Date of April 30, 2012, contingent on HFSRB Permit

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 Mark E. Hohulin, OSF Healthcare System, Senior Vice President
Address 800 N.E. Glen Oak Avenue
City, State & Zip Code Peoria, IL 61603
Telephone (309) 624-2360 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 Stephen Moore
Address Hinshaw & Culbertson LLP, 100 Park Avenue, P.O. Box 1389
City, State & Zip Code Rockford, Illinois 61602
Telephone (815) 490-4900 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 K D. Schoeplein
Typed or Printed Name of Authorized Officer Kevin Schoeplein
Title of Authorized Officer: Chief Executive Officer, OSF Healthcare System
Address 800 Glen Oak Avenue
City, State & Zip Code Peoria, Illinois 61603
Telephone (309) 655-4982 Date: 1/18/12

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

See Attachment #7 for the verifications for OSF Healthcare System

APPENDIX A

FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE

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

FACILITY NAME Ottawa Regional Hospital & Healthcare Center CITY: Ottawa

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	54	Nursing Care	0
Obstetrics	14	Shelter Care	0
Pediatrics	0	DD Adults*	0
Intensive Care	5	DD Children**	0
Acute Mental Illness	26	Chronic Mental Illness	0
Rehabilitation	0	Children's Medical Care	0
Neonatal Intensive Care	0	Children's Respite Care	0

*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.

____	Cardiac Catheterization	____	Open Heart Surgery
____	Subacute Care Hospital Model	____	Kidney Transplantation
____	Selected Organ Transplantation	____	Postsurgical Recovery Care Center Model

5. Non-Hospital Based Ambulatory Surgery and Ambulatory Surgical Treatment Centers
   Indicate (by placing an "X") if the facility is a □ limited or □ multi-specialty facility and indicate the surgical specialties provided.

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

Ownership, Management and General Information

ADMINISTRATOR NAME:	Robert A. Chaffin
ADMINSTRATOR PHONE	1-815-431-5458
OWNERSHIP:	Ottawa Regional Hospital & Healthcare Center
OPERATOR:	Ottawa Regional Hospital & Healthcare Center
MANAGEMENT:	Not for Profit Corporation (Not Church-R
CERTIFICATION:	
FACILITY DESIGNATION:	General Hospital
ADDRESS	1100 East Norris Drive CITY: Ottawa COUNTY: LaSalle County

Patients by Race

White	98.1%
Black	1.6%
American Indian	0.0%
Asian	0.1%
Hawaiian/ Pacific	0.0%
Unknown:	0.3%

Patients by Ethnicity

Hispanic or Latino:	2.5%
Not Hispanic or Latino:	97.2%
Unknown:	0.2%

IDPH Number:	2071
HPA	C-02
HSA	2

Facility Utilization Data by Category of Service

Clinical Service	Authorized CON Beds 12/31/2010	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy 12/31/2010	Staff Bed Occupancy Rate %
Medical/Surgical	54	54	32	1,982	6,102	1,007	3.6	19.5	36.1	36.1
0-14 Years				*89*	*191*					
15-44 Years				*337*	*818*					
45-64 Years				*466*	*1,373*					
65-74 Years				*283*	*944*					
75 Years +				*807*	*2,776*					
Pediatric	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	5	5	5	317	837	26	2.7	2.4	47.3	47.3
Direct Admission				*317*	*837*					
Transfers				*0*	*0*					
Obstetric/Gynecology	14	14	9	401	1,096	240	3.3	3.7	26.1	26.1
Maternity				*399*	*1,093*					
Clean Gynecology				*2*	*3*					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds				0	0		0.0	0.0		
Acute Mental Illness	26	26	21	946	4,446	4	4.7	12.2	46.9	46.9
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	*0*					*0*				
Facility Utilization	99			3,646	12,483	1,277	3.8	37.7	38.079	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
	44.4%	22.2%	0.1%	23.9%	4.1%	5.3%	
Inpatients	1619	809	2	873	150	193	3,646
	38.7%	11.7%	0.0%	45.9%	3.2%	0.4%	
Outpatients	17085	5186	5	20263	1424	189	44,152

Inpatient and Outpatient Net Revenue by Payor Source

Financial Year Reported: 5/1/2009 to 4/30/2010

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue ($)	46.6% 11,784,987	12.5% 3,171,696	1.6% 401,365	34.4% 8,708,430	4.8% 1,215,362	100.0% 25,279,860	1,291,146
Outpatient Revenue ($)	30.4% 14,700,751	7.2% 3,476,040	1.9% 939,741	56.9% 27,529,725	3.6% 1,716,969	100.0% 48,363,226	814,336

Total Charity Care Expense 2,105,482

Totals: Charity Care as % of Net Revenue 2.9%

Birthing Data

Number of Total Births:	370
Number of Live Births:	369
Birthing Rooms:	0
Labor Rooms:	0
Delivery Rooms:	0
Labor-Delivery-Recovery Rooms:	4
Labor-Delivery-Recovery-Postpartum Rooms:	0
C-Section Rooms:	1
CSections Performed:	99

Newborn Nursery Utilization

Level 1 Patient Days	984
Level 2 Patient Days	117
Level 2+ Patient Days	0
Total Nursery Patientdays	1,101

Laboratory Studies

Inpatient Studies	157,812
Outpatient Studies	432,936
Studies Performed Under Contract	23,978

Organ Transplantation

Kidney:	0
Heart:	0
Lung:	0
Heart/Lung:	0
Pancreas:	0
Liver:	0
Total:	0

* Note: According to Board action on 10/26/10, Ottawa Regional reduced M/S beds by 8 and AMI by 2 beds.

APPENDIX A

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	0	0	0	3	0	7	7	0.0	2.3
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	3	3	182	430	349	485	834	1.9	1.1
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	13	10	71	30	101	5.5	3.0
OB/Gynecology	0	0	0	0	70	389	120	432	552	1.7	1.2
Oral/Maxillofacial	0	0	0	0	1	1	2	5	7	2.0	5.0
Ophthalmology	0	0	0	0	0	323	0	306	306	0.0	0.9
Orthopedic	0	0	0	0	91	297	219	346	565	2.4	1.2
Otolaryngology	0	0	0	0	3	170	7	204	211	2.3	1.2
Plastic Surgery	0	0	0	0	3	28	2	37	39	0.7	1.3
Podiatry	0	0	0	0	0	49	0	72	72	0.0	1.5
Thoracic	0	0	0	0	1	0	4	0	4	4.0	0.0
Urology	0	0	1	1	85	464	124	602	726	1.5	1.3
Totals	**0**	**0**	**4**	**4**	**449**	**2144**	**898**	**2526**	**3424**	**2.0**	**1.2**

SURGICAL RECOVERY STATIONS Stage 1 Recovery Stations 5 Stage 2 Recovery Stations 6

Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	2	2	139	1498	92	1045	1137	0.7	0.7
Laser Eye Procedures	0	0	1	1	0	314	0	157	157	0.0	0.5
Pain Management	0	0	3	3	1	622	0	0	1	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	0
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Emergency/Trauma Care

Certified Trauma Center		No
Level of Trauma Service	Level 1 Not Applicable	Level 2 Not Applicable
Operating Rooms Dedicated for Trauma Care		0
Number of Trauma Visits:		0
Patients Admitted from Trauma		0
Emergency Service Type:		Comprehensive
Number of Emergency Room Stations		9
Persons Treated by Emergency Services:		19,999
Patients Admitted from Emergency:		3,633
Total ED Visits (Emergency+Trauma):		19,999

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	0
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	0
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	0
EP Catheterizations (15+)	0

Cardiac Surgery Data

Total Cardiac Surgery Cases:	0
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	0
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	0

Outpatient Service Data

Total Outpatient Visits	192,669
Outpatient Visits at the Hospital/ Campus:	187,447
Outpatient Visits Offsite/off campus	5,222

Diagnostic/Interventional Equipment

	Own	Contract	Examinations Inpatient	Examinations Outpt	Examinations Contract
General Radiography/Fluoroscopy	4	0	2,168	17,671	0
Nuclear Medicine	1	0	157	1,010	0
Mammography	2	0	2	3,812	0
Ultrasound	6	0	966	4,644	0
Angiography	0	0			
Diagnostic Angiography			0	0	0
Interventional Angiography			0	0	0
Positron Emission Tomography (PET)	0	1	0	0	38
Computerized Axial Tomography (CAT)	2	0	678	7,835	0
Magnetic Resonance Imaging	1	0	139	1,803	0

Radiation Equipment

	Owned	Contract	Therapies Treatments
Lithotripsy	0	0	0
Linear Accelerator	0	0	0
Image Guided Rad Therapy	0	0	0
Intensity Modulated Rad Thrpy	0	0	0
High Dose Brachytherapy	0	0	0
Proton Beam Therapy	0	0	0
Gamma Knife	0	0	0
Cyber knife	0	0	0

Source: 2010 Annual Hospital Questionnaire, Illinois Department of Public Health, Health Systems Development.

APPENDIX A

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

1. **INFORMATION FOR EXISTING FACILITY**

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Name of current licensed entity for the facility Ottawa Regional Hospital & Healthcare Center
Does the current licensee: own this facility X OR lease this facility _____ (if leased, check if sublease ☐)
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
X Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____
Illinois State Senator for the district where the facility is located: Sen. Sue Rezin
State Senate District Number 38 Mailing address of the State Senator 103 D Capitol Building
Springfield, IL 62706
Illinois State Representative for the district where the facility is located: Rep. Pam Roth
State Representative District Number 75 Mailing address of the State Representative _____
214 N. Stratton Office Building, Springfield, IL 62706

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes ☐ No ☒. 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 Ottawa Regional Hospital & Healthcare Center
Address 1100 E. Norris Drive
City, State & Zip Code Ottawa, Illinois 61350
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
X Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify

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

Exact Legal Name of Entity to be Licensed Ottawa Regional Hospital & Healthcare Center
Address 1100 E. Norris Drive
City, State & Zip Code Ottawa, Illinois 61350
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
X Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

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

Exact Legal Name of Entity That Will Own the Site Ottawa Regional Hospital & Healthcare Center
Address 1100 E. Norris Drive
City, State & Zip Code Ottawa, Illinois 61350
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
X Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

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

Name Douglas Swill
Address Drinker Biddle & Reath, 191 North Wacker Drive, Ste. 3700
City, State & Zip Code Chicago, Illinois 60606
Telephone (312) 569-1270 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 Robert Chaffin
Typed or Printed Name of Authorized Officer Robert Chaffin
Title of Authorized Officer: President and Chief Executive Officer of Ottawa Regional Hospital & Healthcare Center
Address 1100 East Norris Drive
City, State & Zip Code Ottawa, Illinois 61350
Telephone (815) 431-5456 Date: 1-18-12

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

See Attachment #7 for the verifications for Ottawa Regional Hospital & Healthcare Center

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.**

There is no acquisition price for this transaction, and no source of funding is necessary to acquire the facility. Please see the Narrative Description in Attachment #3 for details of transaction, including OSF's commitment to ongoing capital and cash funding to Ottawa, as well as OSF's "A" Bond rating from Standard & Poor's in Attachment #6.

ATTACHMENT # 2

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

Overview Summary / Purpose

OSF Healthcare System ("OSF") and Ottawa Regional Hospital & Healthcare Center ("Ottawa"), both Illinois not-for-profit corporations, seek approval of this Certificate of Exemption ("COE") to allow for an affiliation among OSF, Ottawa, and its affiliated corporations and charitable foundation (collectively, the "Ottawa Parties").

This affiliation will provide both OSF and the Ottawa Parties the opportunity to continue the historical missions of OSF and the Ottawa Parties, as well as benefit residents of the Ottawa service area, by: (a) enabling a sustainable and quality health care delivery system that promotes greater patient access to integrated primary, secondary, and advanced tertiary healthcare services; (b) achieving excellence in clinical innovations, services, quality, costs and outcomes; and (c) achieving maximum efficiencies in the delivery of health care services, thereby achieving cost savings wherever possible consistent with healthcare reform trends.

Background

Ottawa, recognizing healthcare reform was inevitable and that their ability to successfully respond as a stand-alone hospital was constrained, proactively sought out a strategic partner to ensure the preservation and enhancement of its historical role and mission of providing healthcare programs for the population in and around Ottawa, Illinois. This hospital-initiated strategy fostered discussions with OSF (the Applicant) which ultimately led to an Affiliation Agreement between the parties (attached as Attachment #5), and as required, this COE Permit Application to change Ottawa's ownership.

OSF owns and operates healthcare facilities in Illinois and Michigan. OSF's Mission is to serve all persons with the greatest care and love. The organization is nationally recognized as a leading integrated healthcare network. In 2011 OSF ranked 25th among nearly 600 integrated healthcare networks in the U.S.

The proposed Ottawa and OSF affiliation provides both parties the opportunity to continue their respective missions and strategically respond to emerging healthcare trends and reform initiatives.

Proposed Transaction

Upon the Closing Date (scheduled for April 30, 2012 contingent upon HFSRB approval), OSF will serve as the sole member of Ottawa and shall hold Reserved Powers with respect to the governance and operations of Ottawa. Ottawa, directly or indirectly, will be the sole shareholder or member, as applicable, of the other Ottawa Parties. Ottawa shall hold reserved powers substantially similar to the Reserved Powers held by OSF with respect to the governance and operations of the other Ottawa Parties. Detailed pre-Closing and post-Closing organizational charts are attached to this Narrative Description.

Although there is no acquisition or purchase price, OSF will fund, on an ongoing basis, capital requirements identified in the capital budgets of Ottawa, as approved by OSF in accordance with OSF's capital allocation policies and procedures, in order to sustain and enhance the delivery of high quality health care services in the Ottawa service area. In addition, on the Closing Date OSF will fund the redemption or defeasance of all outstanding indebtedness under Ottawa's Master Trust Indenture,

resulting in the termination of Ottawa's Master Trust Indenture and the release and discharge of all liens and other interests securing Ottawa's obligations issued under its Master Trust Indenture. Additionally, OSF will fund capital and cash flow requirements for the implementation of an Epic (as defined below) electronic medical records system at Ottawa.

OSF has an "A" bond rating from Standard & Poor's, as described in Attachment #6, and is committed to supporting future capital projects of Ottawa.

Ottawa will maintain its license under the name Ottawa Regional Hospital & Healthcare Center and will likely do business as OSF Saint Elizabeth Medical Center, once the change of ownership affiliation transaction is closed.

Board Selection Process

Upon Closing, OSF will serve as the sole member of Ottawa and shall hold Reserved Powers with respect to the governance and operations of Ottawa.

The board of directors of Ottawa as comprised following the Closing ("Ottawa Board") will continue to have fiduciary responsibility for the overall performance of the facilities, services and programs of Ottawa pursuant to the Ottawa Bylaws and Articles of Incorporation, subject to OSF's Reserved Powers.

The Ottawa Board will include 13 – 15 voting members, plus the Chief Executive Officer of Ottawa who will be a non-voting *ex officio* Board member, as well as four Honorary Board Members (defined below).

The initial Ottawa Board will include 13 voting members, comprised of:

1. Seven board members named by OSF ("OSF Board Members"); and

2. Six board members, who are residents of the Ottawa service area ("Community Board Members"), selected based on diversity of geography and skills. The initial Community Board Members will be selected by agreement of OSF and Ottawa from among those persons who are currently members of the Ottawa board of directors.

The initial Ottawa Board shall also include four non-voting board members selected by agreement of OSF and Ottawa, each of whom were members of the Ottawa board of directors as comprised prior to Closing ("Honorary Board Members"). The Honorary Board Members shall serve a single term ending on the date his/her term as a member of the board of directors of Ottawa would have expired. Thereafter, there will be no Honorary Board Members. OSF Board Members and Community Board Members will serve three year staggered terms. However, the initial terms shall be for one, two and three years each, followed by three year terms. The initial terms of the OSF Board Members and the Community Board Members shall be established to ensure that term expirations are split among the Board member categories. There will be no limitation on the number of terms an OSF Board Member may serve, but the Ottawa Community Board members may not serve more than three consecutive terms.

ATTACHMENT # 3

Anticipated Benefits

This affiliation will provide both OSF and the Ottawa Parties the opportunity to continue the historical missions of OSF and the Ottawa Parties, and benefit residents of the Ottawa service area, by: (a) enabling a sustainable and quality health care delivery system that promotes greater patient access to integrated primary, secondary, and advanced tertiary healthcare services; (b) achieving excellence in clinical innovations, services, quality, costs and outcomes ; (c) achieving maximum efficiencies in the delivery of health care services resulting in cost savings wherever possible and (d) integration of an electronic medical record (EMR) resulting in greater coordination and alignment of care.

Access

Access for the Ottawa community will benefit by the proposed affiliation as there will be no decrease in service scope or levels of care currently provided. Rather, the Applicants anticipate the affiliation will support an increased clinical program scope through OSF's broader capabilities, sub-specialization and disease-based population management. In addition, the Applicant certifies that the proposed affiliation will not result in restricting patient admissions and that Ottawa's admissions policies will not become more restrictive.

Potential Cost Savings

The Applicants anticipate that the affiliation will result in cost savings for Ottawa and the patients it serves. Ottawa patients will benefit from the planned purchase and installation of an enterprise-wide, integrated Epic application software for clinical services ("Epic"). The installation and implementation of Epic will help contain or reduce healthcare delivery costs and help OSF and the Ottawa Parties continue to provide high quality integrated healthcare services. Epic will also contribute to OSF's and the Ottawa Parties' commitment to provide high quality healthcare by improving clinical processes and workflow efficiency, improving patient safety and facilitating clinical decision support.

Beneficial cost savings and improved service efficiencies will also be realized from the integration of the clinical and non-clinical operations of Ottawa with the OSF system. The parties will work together to evaluate and pursue opportunities for clinical integration and collaboration, and to establish standardized evidence-based quality metrics in order to improve quality of and access to care. The community will also benefit and experience cost savings through access to more clinical specialists allowing the patients the ability to receive office visits and care locally rather than having to travel.

The Applicants have verified that the categories of service and number of beds reflected in the IDPH Inventory of Health Care Facilities will not substantially change for at least 12 months following the Closing Date. Following the Closing, the Applicants anticipate engaging in an evaluation and integration process to maximize the potential clinical and other efficiencies that may result from the affiliation.

ATTACHMENT # 3

Charity Care

In order to further OSF's mission in Ottawa and surrounding communities, Ottawa's existing charity care policies will be supplemented after the Closing Date by OSF's Charity Assistance Policy for Illinois Hospitals, which not only complies with, but exceeds the requirements of Illinois law, including the Illinois Hospital Uninsured Patient Discount Act. As certified in the verifications on Attachment # 7, OSF and Ottawa will not adopt a more restrictive charity care policy than was in effect one year prior to the Closing Date of the proposed transaction, and Ottawa's compliant charity care policy, modified with OSF's more generous Charity Assistance Policy for Illinois Hospitals, will remain in effect for at least a two (2) year period following the Closing Date.

In general, the OSF Charity Assistance Policy for Illinois Hospitals is more generous than the current Ottawa Charity Care Program. For example, all OSF uninsured patients who are not otherwise eligible for free, discounted or catastrophic charity care receive a 20% discount on billed charges. After an account is sent to collections, if a patient wants to apply for OSF Charity Assistance, the entity billing the patient must give the patient 30 days after the account was placed in collections to apply for assistance. In addition, the corporation utilizes a presumptive charity procedure for patients who fail to provide financial information normally considered in making charity eligibility determinations. When OSF is able to obtain comparable information from independent sources such as public records, the corporation applies the same charity discount it would have provided, if the patient had completed a Charity Application and submitted the required financial documents. Finally, a patient may appeal OSF Charity and Illinois Uninsured Patient Discount determinations. The appeal procedures are contained within the OSF Charity/Illinois Uninsured Discount Procedures.

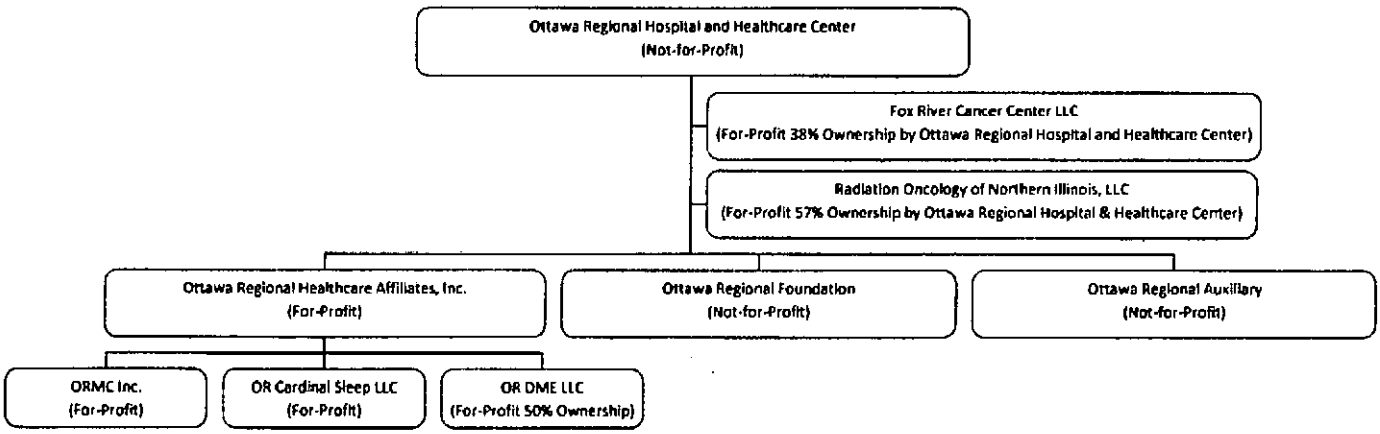
Conclusion

The proposed Ottawa and OSF affiliation provides both parties the opportunity to continue their respective and historical missions and strategically respond to emerging healthcare trends and reform initiatives. Both parties desire this transaction and respectfully request approval of this COE Application. The parties look forward to addressing any remaining questions from the Health Facilities and Services Review Board.

We have attached copies of the pre-affiliation and post affiliation organizational charts, and multiple letters of support for this affiliation.

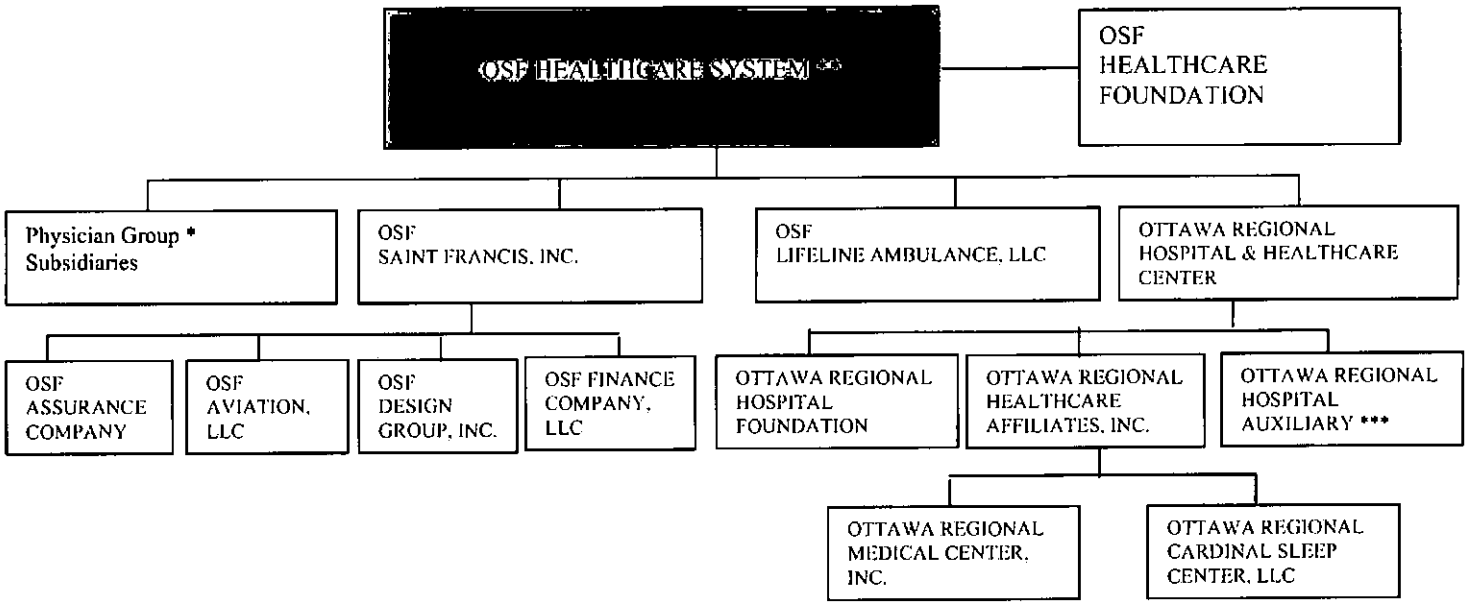
ATTACHMENT # 3

Pre-Affiliation
Ottawa Regional Hospital and Healthcare Center
Corporate Structure



ATTACHMENT # 3

POST-AFFILIATION
OSF HEALTHCARE SYSTEM AND RELATED CORPORATIONS
CORPORATE STRUCTURE



***Physician Group Subsidiaries**

OSF Multi-Specialty Group
OSF Multispecialty Group – Peoria, LLC
OSF Multispecialty Group – Eastern Region, LLC
OSF Multispecialty Group – Western Region, LLC
OSF Heart & Vascular Institute
Cardiovascular Institute at OSF, LLC
HeartCare Midwest, Ltd.
Children's Hospital of Illinois Medical Group
OSF Children's Medical Group - Congenital Heart Center, LLC
OSF Perinatal Associates, LLC
Illinois Neuroscience Institute
Illinois Neurological Institute – Physicians, LLC
Illinois Pathologist Services, LLC
Illinois Specialty Physician Services at OSF, LLC

****OSF Healthcare System**

OSF Saint Francis Medical Center
OSF Saint Anthony Medical Center
OSF St. Joseph Medical Center
OSF Saint James-John W. Albrecht Medical Center
OSF St. Mary Medical Center
OSF Holy Family Medical Center
OSF St. Francis Hospital
OSF Saint Clare Home
OSF Home Care Services
OSF Medical Group
Cardiovascular Services
Neuroscience Services
Children's Services
Ambulatory Services

*** The establishment of the Auxiliary as a post-affiliation subsidiary of ORHHC is dependent upon the adoption by the Auxiliary of proposed amended and restated articles and bylaws making ORHHC the sole member of the Auxiliary.

ATTACHMENT #3

DISTRICT OFFICE:
103 FIFTH STREET
PO BOX 260
PERU, ILLINOIS 61354
(815) 220-8720
FAX: (815) 220-8721

CAPITOL OFFICE:
M103E STATE HOUSE
SPRINGFIELD, ILLINOIS 62706
(217) 782-3840
FAX: (217) 782-9586

SENATORREZIN@GMAIL.COM
WWW.SENATORREZIN.COM

SUE REZIN
STATE SENATOR · 38TH DISTRICT

December 20, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

I am writing to express my full support for the proposed affiliation of Ottawa Regional Hospital and Healthcare Center with OSF Healthcare System. I believe that the affiliation is in the best interest of the community served by Ottawa Regional Hospital and Healthcare Center, the people of the City of Ottawa, LaSalle County and surrounding areas as it will (i) enhance health care and other services provided to the community; (ii) provide greater access to health care services in the community; and (iii) promote and enhance the various charitable and educational missions of Ottawa Regional Hospital and Healthcare Center and its affiliates.

Because of the above, I am submitting this letter of support for the proposed affiliation and encourage the Planning Board to approve the Certificate of Exemption for the change of ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Sincerely,

Senator, 38th District

RECYCLED PAPER • SOYBEAN INKS

Attachment 3

ILLINOIS HOUSE OF REPRESENTATIVES
STATE OF ILLINOIS

PAM ROTH

STATE REPRESENTATIVE · 75TH DISTRICT

3605 N. State Rt. 47, Suite F
P.O. Box 808
Morris, Illinois 60450
(815) 416-1475
Fax: (815) 416-1476
E-mail: pamrothd75@gmail.com

214-N Stratton Office Building
Springfield, Illinois 62706
(217) 782-5997
Fax: (217) 558-1073

December 19, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

I am writing to express my full support for the proposed affiliation of Ottawa Regional Hospital and Healthcare Center with OSF Healthcare System. I believe that the affiliation is in the best interest of the community served by Ottawa Regional Hospital and Healthcare Center, the people of the City of Ottawa, LaSalle County and surrounding areas. It will enhance health care and other services provided to the community, provide greater access to health care services in the community, and promote and enhance the various charitable and educational missions of Ottawa Regional Hospital and Healthcare Center and its affiliates.

Because of the above, I am submitting this letter of support for the proposed affiliation and encourage the Planning Board to approve the Certificate of Exemption for the change of ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Sincerely,

Pam Roth

State Representative Pam Roth
75th District

JEFFREY A. CROWHURST, D.P.M., F.A.C.F.A.S.

1703 Polaris Circle
Ottawa, IL 61350
Telephone: (815) 434-1900
www.footcaredocs.com

December 19, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

I am writing to express my full support for the proposed affiliation of Ottawa Regional Hospital and Healthcare Center with OSF Healthcare System. I believe that the affiliation is in the best interest of the community served by Ottawa Regional Hospital and Healthcare Center the people of the City of Ottawa, LaSalle County and surrounding areas as it will (i) enhance health care and other services provided to the community; (ii) provide greater access to health care services in the community; and (iii) promote and enhance the various charitable and educational missions of Ottawa Regional Hospital and Healthcare Center and its affiliates.

Because of the above, I am submitting this letter of support for the proposed affiliation and encourage the Planning Board to approve the Certificate of Exemption for the change of ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Sincerely,

Jeffrey A. Crowhurst, DPM

President Medical Staff, Ottawa Regional Hospital

Attachment 3

LaSalle County Board

Jerry L. Hicks
Chairman

707 East Etna Road
Ottawa, IL 61350
Phone: 815-434-8242
FAX: 815-434-8250

January 4, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

Ottawa Regional Hospital and Healthcare Center recently announced that they will affiliate with OSF Healthcare System in the near future. I support the proposed affiliation and believe that this affiliation will be in the best interest of the community served by Ottawa Regional Hospital and Healthcare Center. Some of the benefits that I believe will be realized by the residents of Ottawa and LaSalle County are enhanced health care and other services to the community, provide greater access to health care services, and promote and enhance various charitable and educational goals of Ottawa Regional.

Because of the aforementioned reasons. I am providing this letter of support for the proposed affiliation and further encourage the Planning Board to approve the Certificate of Exemption for the change in ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Respectfully,

Jerry L. Hicks, Chairman
LaSalle County Board

Attachment 3

LaSalle County Health Department
717 E. Etna Road
Ottawa, Illinois 61350-1097
Phone: (815) 433-3366
Phone: (800) 247-5243
Fax: (815) 433-9522

Julie Kerestes, BS, LEHP, Administrator

William Johnson, President
Jack Wayland, Vice President
Don Kaminky, Secretary
Louis Weber Jr., Treasurer
Melva Allender, RN
Mark Benavides, DDS
Lou Anne Corretto
Robert B. Maguire, MD

January 5, 2012

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Healthcare Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

Please accept this letter that the LaSalle County Health Department expresses its full support for the proposed affiliation of Ottawa Regional Hospital and Healthcare Center with OSF Healthcare System. We believe that the affiliation is in the best interest of the community served by Ottawa Regional Hospital and Healthcare Center, the people of the City of Ottawa, LaSalle County and surrounding areas as it will; enhance health care and other services provided to the community; provide greater access to health care services in the community; and promote and enhance the various charitable and educational missions of Ottawa Regional Hospital and Healthcare Center and its affiliates.

Because of the above, the LaSalle County Health Department is submitting this letter of support for the proposed affiliation and encourages the Planning Board to approve the Certificate of Exemption for the change of ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Sincerely,

Julie Kerestes, Administrator
LaSalle County Health Department

Attachment 3

THE CHAMBER
Ottawa Area Chamber of Commerce & Industry

833 LaSalle Street Suite 401 Ottawa IL 61350
Phone 815-433-0084 Fax 815-433-2405 Email info@ottawachamberillinois.com

December 19, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center
Affiliation with OSF Healthcare System

Dear Ms. Avery:

I am writing to express my and our Boards support for the proposed affiliation of Ottawa Regional Hospital and Healthcare Center with OSF Healthcare System. This affiliation is the only way to guarantee the highest quality healthcare in a very unstable healthcare environment.

This affiliation will combine the best people with the best facilities for a regional healthcare powerhouse. Without the merger the longevity of top quality healthcare and the ability to attract the brightest physicians and staff wopuld be in serious jeopardy. Ottawa Regional Hospital is in a position of great strength right now by being financially and administratively sound and in a position where they are currently an attractive acquisition candidate. Many hospitals only wish they had this opportunity. Ottawa cannot afford anything but a deliberate and guided merger. This is a win-win including the Ottawa Regional Hospital employees and the community.

Because of the above, I am submitting this letter of support for the proposed affiliation and encourage the Planning Board to approve the Certificate of Exemption for the change of ownership of the Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Sincerely,

Boyd Palmer
Executive Director
Ottawa Area Chamber of Commerce & Industry

The Ottawa Area Chamber proudly serves 365 members and over 8500 employees

Attachment 3

ILLINOISVALLEY
COMMUNITY COLLEGE
815 N. Orlando Smith Avenue
Oglesby, IL 61348-9692
Telephone: 815-224-2720
Fax: 815-224-3033

Office of the President
Jerome M. Corcoran, EdD

December 19, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

I am writing to express my full support for the proposed affiliation of Ottawa Regional Hospital and Healthcare Center with OSF Healthcare System. I believe that the affiliation is in the best interest of the community served by Ottawa Regional Hospital and Healthcare Center, the people of the City of Ottawa, LaSalle County and surrounding areas as it will (i) enhance health care and other services provided to the community; (ii) provide greater access to health care services in the community; and (iii) promote and enhance the various charitable and educational missions of Ottawa Regional Hospital and Healthcare Center and its affiliates.

Because of the above, I am submitting this letter of support for the proposed affiliation and encourage the Planning Board to approve the Certificate of Exemption for the change of ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Sincerely,

Dr. Jerry Corcoran
President

Attachment 3

December 19, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

I am writing to express my full support for the proposed affiliation of Ottawa Regional Hospital and Healthcare Center with OSF Healthcare System.

I am a retired Physician who practiced in Ottawa for 44 years.
I served on the Hospital Board for 14 years and recently served on the Hospital Foundation Board for 6 years. I have been very active in the Ottawa area and have been serving on the Ottawa Township High School Board of Education for the past 32 years, the Ottawa Opportunity School Board (a pre-school) for 40 years, and was the United Way campaign co-chair for 6 of the past 9 years.
I am currently Chair of a free medical clinic serving the Ottawa Area.

I feel I know the Community well as well as the medical needs of our area.

I believe that the affiliation is in the best interest of the community served by Ottawa Regional and Healthcare Center, the people of the City of Ottawa, LaSalle County, and surrounding areas as it will (i) enhance health care in the community; (ii) provide greater access to healthcare services in the community; and (iii) promote and enhance the various charitable and educational missions of Ottawa Regional Hospital and Healthcare Center and its affiliates.

Because of the above, I am submitting this letter of support for the proposed affiliation and encourage the Planning Board to approve the Certificate of Exemption for the change of ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you for your consideration in approving the affiliation.

Sincerely,

Don E. Morehead, M.D.
2521 Reynolds Manor Drive
Ottawa, IL 61350

Attachment 3

The First National Bank of Ottawa

701 LaSalle St Ottawa IL 61350
Phone: (815) 434-0044

Northfield - 2771 N Columbus St
Plaza - 300 W Madison St
South - 601 State St
Fax (815) 434-0307
www.firstottawa.com
24-Hr Phone Banking 1-866-434-0044

December 20, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Letter of Support for Ottawa Regional Hospital and Health Center Affiliation with OSF Healthcare System

Dear Ms. Avery:

This communication is with regard to the pending merger between Ottawa Regional Hospital and Health Center with the OSF Healthcare System. As I'm sure you are aware my position is such that I am required to maintain a close watch on developments in our community well beyond the financial ones which are at the heart of our nature of business. Our bank is one of the oldest institutions in Ottawa, having been founded in 1865, and we have watched Ottawa Regional and its predecessors emerge into what can only be described as one of the most outstanding community healthcare providers in rural Illinois. It has provided employment opportunities and career opportunities far beyond those of any other entity while maintaining the highest ethical and safety standards of any local organization. It is a critical element of our community and an irreplaceable one. Ottawa Regional fulfills many roles in our community including those as a cultural hub, a technology catalyst, and an expanding medical campus to offer advanced and specialized treatments. Yet, as you know better than I, this critical component of our community is at risk; not because of the changes in healthcare services in our country and not because of changes in the ability of Ottawa Regional to serve the healthcare needs of our community, but rather because of the increased complexity and technological expertise which is going to be required of all healthcare suppliers. Independent regional healthcare facilities are, and will be, in jeopardy of falling behind the resources that are available to larger institutions. The contemplated merger with the OSF Healthcare System will allow Ottawa Regional to remain as essential as it is to the ongoing welfare of our rural community while expanding quality and sophistication available through its newer affiliation. This transaction will inure to the benefit of the entire community and each component of our community as it will make available all of the resources of the OSF Healthcare System, their specialties and sub-specialties. Furthermore, the proposed affiliation with OSF Healthcare system will enhance the charitable and educational services which Ottawa Regional now provides for our community. I cannot stress to you enough the importance of our hospital to our entire community, the values that it provides not just in healthcare services but also in its dedication to the poor, the underserved, the elderly, and the disabled. In our community of 16,500 residents, and in our county of 100,000 residents, there

are a handful who can and will avail themselves of medical services in Chicago or Rochester, Minnesota, but only a handful. The rest need to rely on the strength of Ottawa Regional, which can only be enhanced through its new affiliation with OSF Healthcare System. Lastly, such an affiliation is absolutely necessary for the ongoing betterment of our particular community.

Because of the above, I am submitting this letter of support for the proposed affiliation and encourage the Planning Board to approve the Certificate of Exemption for the change of ownership of Ottawa Regional Hospital and Healthcare Center.

Thank you in advance for your consideration in approving the affiliation.

Sincerely,

Joachim J. Brown
President / CEO
First National Bank of Ottawa

Attachment 3

604 WEST MAIN
OTTAWA, IL 61350
PHONE (815) 434-2300
FAX (815) 433-0027
handyfoods@yahoo.com
HandyFoodsIGA.com

December 19, 2011

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson St. 2nd floor
Springfield, Il 62761

Dear Ms. Avery:

Handy Foods has been a memer of the Ottawa community for almost fifty years. I have experienced many situations involving Ottawa Regional Hospital and Healthcare and St. Francis both on a business and personal level. All have been very positive.

There has been a long unspoken arrangement between the two institutions which has greatly benefited the people of Ottawa and surrounding communities; therefore, I am writing to express my support of the proposed affiliation. I feel that if there is a need to transport a patient from Ottawa to St. Francis the transition will be easier for the patient and the attending physician.

I encourage the Planning Board to approve the change of ownership of Ottawa Regional Hospital and Healthcare to OSF Healthcare System.

Sincerely,

Bonnie McGrogan

Bonnie McGrogan
Handy Foods, Inc.

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**.

ATTACHMENT #4

File Number 0107-414-8

To all to whom these Presents Shall Come, Greeting:

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

OSF HEALTHCARE SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JANUARY 02, 1860, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 1200401684

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 4TH *day of* JANUARY *A.D.* 2012 .

Jesse White

SECRETARY OF STATE

ATTACHMENT #4

File Number 4484-569-5

To all to whom these Presents Shall Come, Greeting:

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

OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 07, 1964, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

Authentication #: 1201300456

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

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* **13TH** *day of* JANUARY *A.D.* *2012*

Jesse White

SECRETARY OF STATE

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**.

Very limited, sensitive information was redacted from the schedules to protect patient, physician or employee identities as well as to protect information not within the public domain.

ATTACHMENT #5

AFFILIATION AGREEMENT

BY AND AMONG

OSF HEALTHCARE SYSTEM,

OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER,

OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC.,

OTTAWA REGIONAL HOSPITAL FOUNDATION,

OTTAWA REGIONAL MEDICAL CENTER, INC.,

AND

OTTAWA REGIONAL CARDINAL SLEEP CENTER, LLC

JANUARY 11, 2012

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AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT is made and entered into as of the Execution Date, to be effective as of the Closing Date, by and among OSF HEALTHCARE SYSTEM, an Illinois not-for-profit corporation, OTTAWA REGIONAL HOSPITAL AND HEALTHCARE CENTER, an Illinois not-for-profit corporation, OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC., an Illinois corporation, OTTAWA REGIONAL HOSPITAL FOUNDATION, an Illinois not-for-profit corporation, OTTAWA REGIONAL MEDICAL CENTER, INC., an Illinois corporation, and OTTAWA REGIONAL CARDINAL SLEEP CENTER, LLC, an Illinois limited liability company. Article XVII contains a glossary of all capitalized terms used in this Agreement.

RECITALS

A. OSF owns and operates several general acute care hospitals and institutions providing health care services in northern and central Illinois, and is the controlling member or shareholder of certain affiliated health care organizations and businesses;

B. Ottawa is a general acute care hospital located in Ottawa, Illinois, and is the controlling member or shareholder of certain affiliated health care organizations;

C. The Parties have engaged in discussions to explore the possibility of the Ottawa Parties affiliating with OSF to support and further their common and unifying health care missions and to better serve the communities served by OSF and Ottawa.

D. OSF and the Ottawa Parties consider it to be consistent with their purposes, including, where applicable, their charitable purposes, and in the best interests of the communities they serve, to become affiliated as described herein.

E. As a result of such discussions, OSF and Ottawa entered into a Letter of Intent, pursuant to which OSF and Ottawa set forth their preliminary understandings and agreements regarding the nature and terms of a potential Affiliation.

F. As contemplated by the Letter of Intent, the Parties wish to set forth the full and complete binding terms of their agreement with respect to the Affiliation between and among them and related matters.

NOW, THEREFORE, for and in consideration of the premises, and the agreements, covenants, representations and warranties hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged and confessed, and in reliance upon the recitals set forth above, which are incorporated herein by reference, the Parties agree as follows:

ARTICLE I
AFFILIATION GOALS AND OBJECTIVES

1.1. **Affiliation Goals and Objectives**. The Parties wish to continue to improve health care quality and enhance patient access in the communities served by OSF and Ottawa

through the combination of the Ottawa Parties with OSF. The Affiliation provides both the OSF System and the Ottawa Parties the opportunity to continue the historical missions of OSF and the Ottawa Parties, and benefit residents of the Ottawa service area, by: (a) enabling a sustainable and quality health care delivery system that promotes greater patient access to integrated primary, secondary, and advanced tertiary healthcare services; (b) achieving excellence in clinical innovations, services, quality, costs and outcomes; and (c) achieving maximum efficiencies in the delivery of health care services.

ARTICLE II
IMPLEMENTATION OF AFFILIATION

2.1. **Reorganization of Ottawa Parties**. Following the Closing Date, OSF will serve as the sole corporate member of Ottawa. The corporate bylaws of Ottawa shall specify the Reserved Powers. Following the Closing Date, Ottawa shall be the sole shareholder of ORHA and the sole corporate member of Ottawa Foundation and Ottawa Auxiliary. The respective corporate bylaws of ORHA, Ottawa Foundation, and Ottawa Auxiliary shall set forth reserved powers of Ottawa substantially similar to the Reserved Powers. Following the Closing Date, ORHA will continue to be the sole shareholder of ORMC, the sole member of OR Cardinal Sleep, and the owner of a fifty percent (50%) membership interest in OR DME. The corporate bylaws of ORMC shall set forth reserved powers of ORHA substantially similar to the Reserved Powers. Following the Closing Date, Ottawa will continue to be the owner of a thirty-eight percent (38%) membership interest in FRCC and a fifty-seven percent (57%) membership interest in RONI. The Ottawa Parties, FRCC, RONI, and OR DME will continue as operating entities. Notwithstanding the foregoing, OSF and the Ottawa Parties acknowledge that the corporate structure described in this Section may be altered following the Closing Date upon approval of the applicable boards of the Ottawa Parties, provided that such alterations of the Ottawa Parties' corporate structure reasonably reflect the Parties' intent, as expressed in this Agreement and Exhibits hereto, so as to foster the Parties' best interests.

2.2. **Ownership**. Except as set forth in Section 12.9, or as otherwise agreed upon by OSF and the Ottawa Parties to achieve post-Closing operating or clinical efficiencies, the transactions contemplated hereby shall not affect the ownership, or result in the transfer or conveyance, of any asset owned as of the Closing Date by the Ottawa Parties.

2.3. **Master Indenture Financings**

2.3.1. **Ottawa Master Indenture**. All Ottawa Master Indenture Indebtedness that is outstanding on the Closing Date will be either redeemed or defeased at Closing in accordance with the Plan of Finance. All documents of the Ottawa Parties related to the Ottawa Master Indenture Indebtedness (including but not limited to the Ottawa Master Indenture) will be discharged and terminated, and the trust estate securing all obligations issued pursuant to the Ottawa Master Indenture and any liens granted thereunder will be released and discharged, at Closing.

2.3.2. **OSF Master Indenture.**

(a) **Entry into OSF Obligated Group**. On the Closing Date, Ottawa and the Ottawa Foundation shall become Members of the OSF Obligated Group under the OSF Master Indenture, and Ottawa and the Ottawa Foundation shall take all actions and execute and deliver any and all agreements, documents, certificates, and other instruments as may be necessary or appropriate to become Members of the OSF Obligated Group.

(b) **OSF Obligated Group Representative**. On the Closing Date, Ottawa and the Ottawa Foundation shall designate OSF as the Group Representative and the Obligated Group Agent under the terms and provisions of the OSF Master Indenture. Ottawa and the Ottawa Foundation acknowledge and agree that OSF, as the Obligated Group Agent or otherwise, shall have the exclusive power and authority on behalf of the OSF Obligated Group (which power and authority shall be irrevocable and coupled with an interest for so long as any Person is a Member of the OSF Obligated Group) to take any action permitted under the OSF Master Indenture, to execute supplemental master trust indentures and issue Obligations on behalf of the OSF Obligated Group, to amend any Related Loan Document, to consent to the amendment of any Related Bond Indenture, to issue any Additional Indebtedness, to grant additional security, to approve, authorize and direct any and all such actions on behalf of each Member of the OSF Obligated Group, to approve and execute all Related Loan Documents in the name of and on behalf of each Member of the OSF Obligated Group, and to exercise all corporate authority and take any action in connection therewith as may be necessary or appropriate on behalf of the OSF Obligated Group and each Member thereof to implement any recommendation or commitment made by OSF as Group Representative and Obligated Group Agent.

ARTICLE III
GOVERNANCE

3.1. **Amendment of Governing Documents of Ottawa Parties**. Effective as of the Closing Date, Ottawa shall amend and restate its Governing Documents in the forms attached hereto as Exhibit A, and Ottawa shall otherwise fulfill the terms and conditions of this Agreement. Effective as of the Closing Date, each of ORHA and Ottawa Foundation shall amend and restate its Governing Documents in the forms attached hereto as Exhibits B and C, respectively, and Ottawa shall approve such amendments and restatements, and ORHA and Ottawa Foundation shall otherwise fulfill the terms and conditions of this Agreement. Between the Execution Date and Closing Date, Ottawa shall use its best efforts to work with the Ottawa Auxiliary to amend and restate Ottawa Auxiliary's Governing Documents, effective as of the Closing Date, in the form attached hereto as Exhibit D. Further, ORMC and OR Cardinal Sleep shall amend and restate their Governing Documents in the forms attached hereto as Exhibits E and F, respectively, and ORHA shall approve such amendments and restatements, and ORMC and OR Cardinal Sleep shall otherwise fulfill the terms and conditions of this Agreement.

3.2. **Amendment of Governing Documents of Joint Ventures**. Effective as of the Closing Date, Ottawa shall cause RONI, and shall use its best efforts to cause FRCC to amend and restate its Governing Documents, in form and substance reasonably satisfactory to OSF, to

prohibit the provision by such entity of items and services in contravention of the Ethical and Religious Directives, and to give to Ottawa the remedy of specific performance of such entity's obligation to abide by the Ethical and Religious Directives. Effective as of the Closing Date, ORHA shall use its best efforts to cause OR DME to amend and restate its Governing Documents, in form and substance reasonably satisfactory to OSF, to prohibit the provision by such entity of items and services in contravention of the Ethical and Religious Directives, and to give to ORHA the remedy of specific performance of OR DME's obligation to abide by the Ethical and Religious Directives.

3.3. **Reconstitution of Boards**. The Boards of the Ottawa Parties shall take all necessary and desirable corporate actions to reconstitute as follows:

3.3.1. **Ottawa Party Boards**. Effective as of the Closing Date, the Ottawa Parties shall reconstitute their respective Boards in accordance with each Ottawa Party's respective amended and restated Governing Documents. The newly appointed members of the boards, committees, and officers of the Ottawa Parties as of the Closing Date are set forth on Schedule 3.3.1 and: (a) all such directors and officers are individuals who meet the criteria for appointment as established in the Position Description substantially in the form attached hereto as Exhibit H, as amended from time to time by the Ottawa Board with approval of OSF, and in the amended and restated Governing Documents of each respective Ottawa Party; and (b) each director and officer shall be elected to serve in accordance with the amended and restated Governing Documents of the applicable Ottawa Party.

3.3.2. **Written Resignations**. On or before the Closing Date, the Ottawa Parties shall request that all directors, officers, and committee members of the Ottawa Parties, other than those who will by agreement of OSF and Ottawa continue to serve in such capacities following the Closing Date, submit their written resignations to the Secretary of the applicable Ottawa Party, effective as of the Closing Date, or otherwise resign in accordance with the resignation provisions of the applicable Ottawa Party Governing Documents.

3.4. **Reserved Powers**. Notwithstanding anything to the contrary but subject to the terms of this Agreement, OSF shall have all rights granted to the member or shareholder of a business organization under the Applicable Law of the state of formation, including, with respect to Ottawa, the right to exercise the Reserved Powers set forth in the amended and restated Governing Documents attached hereto as Exhibit A.

ARTICLE IV
MANAGEMENT

4.1. **Senior Management**. As of the Closing Date: Robert Chaffin shall be the Ottawa CEO, and shall report to the chief executive officer of OSF and be accountable to the Ottawa Board with respect to the Ottawa Facilities and Services; Judy Christiansen shall be the Ottawa COO and shall report to the Ottawa CEO; and Dawn Trompeter shall be the Ottawa CFO and shall report to the Ottawa CEO. The Ottawa CEO shall be an employee of OSF.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE OTTAWA PARTIES

The Ottawa Parties, jointly and severally give, as of the Execution Date, and shall give, as of the Closing Date, the following representations and warranties to OSF:

5.1. **Organization; Good Standing; Power**.

5.1.1. Ottawa, Ottawa Foundation, and Ottawa Auxiliary are duly formed as Illinois not-for-profit corporations. ORHA and ORMC are duly formed as Illinois corporations. OR Cardinal Sleep is duly formed as an Illinois limited liability company.

5.1.2. Each Ottawa Party and the Ottawa Auxiliary are validly existing and in good standing under the laws of the State of Illinois, and have the corporate power and authority to own, operate or hold under lease their respective properties and assets and to carry on their respective business and operations as presently conducted. Each of the Ottawa Parties and the Ottawa Auxiliary have registered with the proper governmental authorities all assumed names under which each of the Ottawa Parties and the Ottawa Auxiliary operate their respective businesses and continuously maintained all such filings in good standing.

5.2. **Corporate Authorization**.

5.2.1. Subject to the approval of Ottawa's members, each of the Ottawa Parties has the full corporate power and authority to enter into and to perform its respective obligations under this Agreement.

5.2.2. Subject to the approval of Ottawa's members, the execution, delivery and performance of this Agreement by each of the Ottawa Parties has been duly and properly authorized by all necessary corporate action in accordance with its respective Governing Documents.

5.2.3. This Agreement constitutes the valid and legally binding obligation of each of the Ottawa Parties, enforceable against each of them in accordance with its terms, except as enforceability may be limited by: (a) general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law; (b) bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors' rights generally; and (c) requirements for defeasance of the Ottawa Master Indenture and all obligations, loan agreements, tax agreements, credit agreements, and all other related loan documents of the Ottawa Parties under the Ottawa Master Indenture.

5.3. **No Violation; Approvals**.

5.3.1. Except to the extent specified in Schedule 5.3.1, to the Knowledge of the Ottawa Parties, the execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of any Ottawa Party, and is not

prohibited by, does not violate or, to the Knowledge of the Ottawa Parties, conflict with any provision of, and does not constitute a default under or breach of any Material Contract, indenture, mortgage, material permit or license, approval or other commitment to which any Ottawa Party is a party or is subject or by which any such corporation is bound, or any Applicable Law.

5.3.2. Except to the extent specified in Schedule 5.3.2, no approval, authorization, registration, consent, order, filing or, to the Knowledge of the Ottawa Parties, other action that has not occurred or been obtained with or from any Person, including any court, administrative agency or other governmental authority, is required for the execution and delivery by the Ottawa Parties of this Agreement or the consummation by the Ottawa Parties of the transactions contemplated or required hereby, except for filings required pursuant to the Illinois Health Facilities Planning Act, or the HSR Act if applicable.

5.4. **Financial Statements**.

5.4.1. Ottawa has delivered to OSF true and correct copies of: (a) the Ottawa Audited Financial Statements; and (b) the Ottawa Unaudited Financial Statements. From the Execution Date to the Closing Date, by the fifteenth Business Day of the following month, the Ottawa Parties shall provide OSF with the Ottawa Interim Financial Statements.

5.4.2. The Ottawa Financial Statements are: (a) true and correct in all material respects and present fairly the financial position of the Ottawa Parties, respectively, and the results of the respective operations of the Ottawa Parties at the dates and for the periods indicated; and (b) are in conformity with GAAP, applied consistently for the periods specified, including, to the Knowledge of the Ottawa Parties, the consistent use of assumptions, practices, procedures and terminology, except: (i) as otherwise disclosed on Schedule 5.4.2; and (ii) that the Unaudited Financial Statements and the Interim Financial Statements need not contain any of the footnotes or other year-end adjustments required to comply with GAAP.

5.4.3. Except as set forth in Schedule 5.4.3 from and after April 30, 2010, the Ottawa Parties have not made any material changes to their accounting methods or practices, including methods or practices used to:

(a) Establish reserves on any patient, notes and accounts receivable;

(b) Establish estimates of any third-party settlements;

(c) Determine the value of any other accounts that require subjective determinations; and

(d) Establish malpractice, general liability or other self-insurance reserves, including claims incurred but not reported.

5.4.4. Except as disclosed on Schedule 5.4.4, the Ottawa Parties have no liabilities or obligations of any kind, whether contingent or absolute, direct or indirect, or matured or unmatured, that are not shown or provided for in the Ottawa Financial Statements provided to OSF prior to the Execution Date, other than: (a) claims covered by insurance, or reserved by a specific or general reserve, and any individual liability or obligation of less than $100,000, provided such liabilities and obligations in the aggregate do not exceed $250,000; or (b) liabilities arising in the ordinary course of business that are reflected on the Interim Financial Statements.

5.4.5. Except as disclosed on Schedule 5.4.5, none of the assets of the Ottawa Parties is subject to restrictions imposed by the donors of specific funds or other assets.

5.5. **Accounts Receivable**. All accounts receivable of the Ottawa Parties represent and constitute *bona fide* indebtedness owing to the Ottawa Parties for services actually performed or for goods or supplies actually provided in the amounts indicated on the Ottawa Financial Statements with, to the Knowledge of the Ottawa Parties, no known set offs, deductions, compromises or reductions other than reasonable allowances for bad debts and contractual allowances in an amount consistent with historical policies and procedures of the Ottawa Parties and that are taken into consideration in the preparation of the Ottawa Financial Statements. The Ottawa Parties have made available to OSF a complete and accurate aging report of all such accounts receivable and a schedule of all accounts receivable, whether recorded or unrecorded, that have been assigned to collection agencies or are otherwise held or assigned for collection.

5.6. **Interim Changes**. Except for matters expressly permitted or authorized by this Agreement and except as set forth on Schedule 5.6, there has not been, after the date of the most recent Audited Financial Statements:

5.6.1. Any Material Adverse Change in regard to the Ottawa Parties in the aggregate;

5.6.2. Any disposition by the Ottawa Parties of any property, rights or other assets owned by or employed in the Ottawa Parties, except for dispositions in the usual and ordinary course of the business;

5.6.3. Any amendment or termination of any Material Contract that has had or could reasonably be expected to have, in the aggregate, a material and adverse effect on the Ottawa Parties; and

5.6.4. Any adoption or material amendment of any bonus, profit sharing, incentive or severance agreement or arrangement, or any Benefit Plan, involving any officer, director or employee of the Ottawa Parties.

5.7. **Legal Proceedings**. Except as disclosed on Schedule 5.7, no Ottawa Party is a defendant in, or, to the Knowledge of the Ottawa Parties, threatened with any action, suit, proceeding, complaint, charge, hearing or arbitration that could reasonably be expected to materially and adversely affect its business or financial condition or its ability to perform its obligations under this Agreement. Except as disclosed on Schedule 5.7, no Ottawa Party has

received notice of any investigation or threatened investigation by any Federal, state or local governmental or regulatory agency, including those involving its business practices and policies, that could result in a Material Adverse Change in the Ottawa Parties in the aggregate.

5.8. **Licenses and Permits**.

5.8.1. Each of the Ottawa Parties holds and is in compliance with all Licenses and Permits, noncompliance with which could result in a Material Adverse Change in its business and operations. The Licenses and Permits are current, unrestricted and valid.

5.8.2. Except as set forth Schedule 5.8.2, no statement of deficiencies, survey report, inspection report, notice of audit, audit results, complaint or other notice of noncompliance with the requirements, standards or other conditions or any revocation, termination, suspension or limitation of any of the Licenses and Permits has been issued, received, proposed or, to the Knowledge of the Ottawa Parties, threatened, for which any actual or potential payment or other obligation exists, nor does any Ottawa Party have any Knowledge of any basis for any such action.

5.9. **No Material Omissions**.

5.9.1. The Ottawa Parties have responded in all material respects to all requests for information and documentation made by OSF in connection with its due diligence review of the business, operations, assets and liabilities of the Ottawa Parties. The Ottawa Parties have not Knowingly omitted any material information relating to the businesses, operations, assets or liabilities of the Ottawa Parties in their responses to OSF's requests. Since the delivery of such responses to OSF, no Ottawa Party has received and not disclosed any information that would render untrue or misleading in any material respect any information previously disclosed to OSF in response to its requests for information.

5.9.2. The representations and warranties of the Ottawa Parties contained in this Agreement, and each Exhibit, Schedule, certificate or other document delivered at Closing by the Ottawa Parties pursuant to this Agreement, are accurate, correct and complete in all material respects, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

5.10. **Compliance with Law**. To the Knowledge of the Ottawa Parties, each of the Ottawa Parties is in compliance with all Applicable Laws, including, without limitation, all Health Care Laws, in all material respects.

5.11. **Title to Owned Real Property and Other Assets**.

5.11.1. Schedule 5.11.1 lists all Owned Real Property by common address and property identification number. Except as set forth on Schedule 5.11.1, one or more of the Ottawa Parties is the sole and exclusive owner of all right, title and interest in and has good and marketable fee simple title to the Owned Real Property free and clear of all liens, mortgages, security interests, options, pledges, charges, covenants, conditions,

restrictions and other encumbrances and claims of any kind or character whatsoever, other than Permitted Encumbrances. Except as set forth in Schedule 5.11.1, the Ottawa Parties have not assigned, transferred, conveyed, mortgaged, decded in trust, or encumbered any interest in any leasehold or subleasehold under any lease or agreement to which any Ottawa Party is a party and under which it is a lessee of any real property. The Owned Real Property is accurately described on Schedule 5.11.1 and includes all real estate owned by the Ottawa Parties and used in connection with their current operations. Except as set forth in Schedule 5.11.1, no Ottawa Party has leased or otherwise granted to any Person the right to use any Owned Real Property or any portion thereof. Except as described in Schedule 5.11.1, there are no outstanding options, rights of first refusal or rights of first offer to purchase any Owned Real Property or any portion thereof or interest therein. Except as described on Schedule 5.11.1, with respect to the Owned Real Property:

(a) During the past three (3) years, no Ottawa Party has received notice of a violation of any Applicable Law, and no Ottawa Party has received notice of condemnation or assessment relating to any part of the Owned Real Property or the operation thereof;

(b) There is no lien on any part of the Owned Real Property;

(c) There are no tenants or other Persons occupying any space in the Owned Real Property, or claiming any possession, adverse or not, to any portion of the Owned Real Property, other than pursuant to written tenant leases with an Ottawa Party;

(d) Each parcel of Owned Real Property is either: (i) exempt from real property or *ad valorem* taxation pursuant to Section 15-65 of the Property Tax Code (35 ILCS 200/15-65), the Ottawa Parties have furnished OSF with true and complete copies of determinations of exempt status and annual certification thereafter for such Owned Real Property and the Ottawa Parties have received no notice and have no Knowledge that the status of such Owned Real Property will change from exempt to taxable; or (ii) separately assessed for real estate tax purposes and is not combined with any land or real estate that is not a part of the Owned Real Property for real estate tax assessment purposes for each parcel of Ottawa Owned Real Property that is not exempt from real property taxation, the Ottawa Parties have not received any notice of change in assessed value that is not reflected in Owned Real Property tax bills furnished to OSF;

(e) No Owned Real Property is located within a 100 year flood plain or an area identified by the Secretary of Housing and Urban Development as having "special flood hazards," as such term is used in the National Flood Insurance Act of 1968, as amended and supplemented by The Flood Disaster Protection Act of 1973, and in regulations, interpretations and rulings thereunder;

(f) All permanent certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals required by all

governmental authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions), which, if not obtained, would result in a Material Adverse Change in any Ottawa Party, have been issued for the Owned Real Property (and all individual items constituting the Owned Real Property), have been paid for, are in full force and effect, and, to the Knowledge of the Ottawa Parties, will not be invalidated, violated or otherwise adversely affected by any change of control or ownership of any Ottawa Party;

(g) The Ottawa Parties have made available to OSF complete copies of all engineering assessments and construction contracts that have been prepared by or at the direction of the Ottawa Parties within the last three (3) years relating to any of the Owned Real Property;

(h) No Ottawa Party has received any notice of any existing, proposed or contemplated plans to modify or realign any street or highway or any existing, proposed or contemplated eminent domain proceeding that would result in the taking of all or any part of the Owned Real Property or that would adversely affect the current use of any part of the Owned Real Property;

(i) To the Knowledge of the Ottawa Parties, upon consummation of the transactions contemplated by this Agreement, the current owners of the Owned Real Property will be entitled to continue to use any Owned Real Property that is currently employed by the Ottawa Parties in the conduct of their operations as currently conducted; and

(j) The Owned Real Property is subject to no easements, conditions, restrictions, ordinances, or other limitations that would make such property unusable for its current use or the title to such property unmarketable or materially restrict or impair the current use or operation of the business in a manner consistent with the current use, or that would require the removal of any improvements, except for such Permitted Encumbrances.

5.11.2. Except as set forth on Schedule 5.11.2, to the Knowledge of the Ottawa Parties, the Owned Real Property is not in material violation of any Environmental Laws; the Ottawa Parties have not received any notice within the past three (3) years alleging or asserting either a material violation of any Environmental Law or a legal obligation to investigate, assess, respond to, remove, or remediate a condition involving Hazardous Substances from any part or all of the Owned Real Property under or pursuant to any Environmental Law; the Ottawa Parties have not possessed, managed, processed, released, handled or disposed of or discharged Hazardous Substances at, on or from the Owned Real Property (including groundwater), except in material compliance with applicable Environmental Law; the Ottawa Parties have no Knowledge that any prior owners, operators or occupants of the Owned Real Property have caused or allowed any Hazardous Substances to be discharged, possessed, managed, processed, released, or otherwise handled on the Owned Real Property in material violation of any Environmental Law; the Ottawa Parties are complying and, for the previous three (3)

years, have complied in all material respects with all applicable Environmental Laws; to the Knowledge of the Ottawa Parties, the Owned Real Property does not contain material amounts of asbestos in such form or condition for which investigation, assessment, abatement, repair, response, or removal is required by applicable Environmental Law; and there are no, nor to the Knowledge of the Ottawa Parties have there ever been any, dumps, pits, surface impoundments, or other areas located on the Owned Real Property which were or are maintained or utilized for the disposal or containment of Hazardous Substances. The Ottawa Parties shall promptly notify OSF should the Ottawa Parties obtain Knowledge, prior to the Closing Date, of any lien, written notice, litigation, or threat of litigation relating to any alleged or actual unauthorized release of any Hazardous Substance with respect to any part of the Owned Real Property. Except as set forth on Schedule 5.11.2, none of the Ottawa Parties has sent, arranged for disposal or treatment, arranged with a transporter for transport for disposal or treatment, transported, or accepted for transport any Hazardous Substances, to a facility, site or location, that, pursuant to CERCLA or any similar state or local law: (i) has been placed or has been publicly proposed by authorities having jurisdiction to be placed, on the National Priorities List or its state equivalent; or (ii) is subject to a claim, administrative order or other demand to take removal or remedial action by any Person having jurisdiction and authority in any such matter. Except as set forth on Schedule 5.11.2 none of the Ottawa Parties has received any written requests for information, potentially responsible party letters, general or special notices or violation notices alleging that any of the Ottawa Parties is or may be liable under CERCLA or any other Environmental Law(s). Without in any way limiting the generality of the foregoing: (y) all current or former underground storage tanks located on the Owned Real Property of which the Ottawa Parties have Knowledge and all information in Ottawa Parties' possession relating to the capacity, uses, dates of installation and contents of such underground storage tanks located on the Owned Real Property are identified in Schedule 5.11.2; and (z) all existing underground storage tanks used by the Ottawa Parties to store Hazardous Substances are in compliance in all material respects with applicable Environmental Law.

5.12. **Title to Assets**. Except as disclosed on Schedule 5.12, other than Owned Real Property that is provided for in Section 5.11, each of the Ottawa Parties has good and defensible title to all of its assets of every kind, character and description, whether personal, tangible or intangible, used in connection with the operation of the businesses of the respective Ottawa Parties, free and clear of all liens, mortgages, security interests, options, pledges, charges, covenants, conditions, restrictions and other encumbrances and claims of any kind or character whatsoever, other than liens and encumbrances which are Permitted Encumbrances.

5.13. **Affiliates and Subsidiaries**. Schedule 5.13 sets forth an accurate and complete list of all entities that, directly or indirectly, through one or more intermediaries, owns or Controls, or is Controlled by, or is under common Control with, Ottawa. Ottawa has the requisite power and authority with respect to ORHA and Ottawa Foundation to cause such entities to comply with all of the responsibilities and obligations imposed upon them by this Agreement. Ottawa shall take all steps necessary to ensure that ORHA and Ottawa Foundation comply with the responsibilities and obligations imposed upon them by this Agreement. ORHA has the requisite power and authority with respect to ORMC and OR Cardinal Sleep to cause such entities to comply with all of the responsibilities and obligations imposed upon them by this

Agreement. ORHA shall take all steps necessary to ensure that ORMC and OR Cardinal Sleep comply with the responsibilities and obligations imposed upon them by this Agreement.

5.14. **Tax Exempt Status**. Ottawa, Ottawa Foundation, and Ottawa Auxiliary are Tax Exempt Organizations. The IRS has not taken, or to the Knowledge of the Ottawa Parties, proposed to take, any action to revoke the tax-exemption of any of the tax-exempt Ottawa Parties, and has not determined in writing or, to the Knowledge of the Ottawa Parties, proposed to announce, that any of the Ottawa Parties is a "private foundation" within the meaning of Section 509(a) of the Code. None of the Ottawa Parties has Knowledge of any change in the organization or operation of any of the tax-exempt Ottawa Parties that could reasonably result in a loss of an Ottawa Party's status as a Tax Exempt Organization.

5.15. **Insurance**. Schedule 5.15 sets forth an accurate, correct and complete list (including the name of the insurer, coverage, premium and expiration date) of all Insurance Policies. Except as set forth on Schedule 5.15, the Insurance Policies are in full force and effect and shall remain in full force and effect through the Closing Date.

5.16. **Taxes**. The Ottawa Parties have filed, or shall file, all Returns for all periods ending on or before the Closing Date. Except as set forth on Schedule 5.16, as of the time of filing, the Returns correctly reflected, and Returns prepared or being prepared but not yet filed as of the Execution Date, shall correctly reflect, the income, business, assets, operations, activities and status of the Ottawa Parties and any other information required to be shown therein. Each Ottawa Party has timely paid or made provision for all Taxes shown as due and payable on its Returns required to be filed or sent prior to the Execution Date and has made provision for timely payment of all Taxes that shall be shown as due and payable on its Returns required to be filed or sent by it after the Execution Date and relating to any period prior to the Closing Date.

5.17. **Employee Benefits**.

5.17.1. Schedule 5.17.1 sets forth an accurate, correct and complete list of all Ottawa Benefit Plans. Prior to the Execution Date, the Ottawa Parties have delivered to OSF, the following for each Benefit Plan established or maintained by any Ottawa Party: (a) the text of each Ottawa Benefit Plan and any trust, insurance, or annuity contracts maintained in connection therewith, including all amendments thereto; (b) the most recently filed annual report (Form 5500), including all schedules and attachments and any financial statements required by Section 103(a)(3) of ERISA or, for each top-hat plan, a copy of all registration statements filed with the Department of Labor pursuant to 29 C.F.R. § 2520.104-23(b)(1); (c) the most recent actuarial valuation report, if any; (d) the most recent summary plan description and all modifications thereto; (e) the most recent determination letter or ruling letter issued by the IRS and any outstanding applications for a determination letter or request for ruling; (f) the most recent actuarial valuation, study, or estimate of the obligations under any retiree medical benefits plans or supplemental retirement benefits plans, or executive deferred compensation arrangements; and (g) the most recent financial or other report of assets held or set aside to provide funding for such Ottawa Benefit Plan.

5.17.2. All contributions to, and payments from, the Ottawa Benefit Plans required to be made in accordance with the terms of the Ottawa Benefit Plans and Applicable Law have been timely made.

5.17.3. All Ottawa Benefit Plans (and all related trust agreements or annuity contracts or any funding instruments) have been administered in accordance with their terms and comply currently, and have complied in the past, both as to form and operation, with the provisions of applicable tax laws, the Code and Applicable Law in all material respects. To the extent that any Ottawa Benefit Plan is intended to be qualified under Section 401(a) of the Code, it has been maintained and administered in material accordance with its terms and the provisions of applicable tax laws and the Code, where required for the Ottawa Benefit Plan to be tax qualified under Sections 401(a) and 501(a) of the Code and all other Applicable Laws. Except as set forth on Schedule 5.17.3, the Ottawa Benefit Plans that are intended to be qualified under Section 401(a) of the Code have received determination letters or private letter rulings from the IRS to the effect that such Ottawa Benefit Plans are qualified and exempt from Federal income taxes under Sections 401(a) and 501(a), respectively, of the Code. Except as set forth on Schedule 5.17.3, no such determination letter or private letter ruling has been revoked nor, to the Knowledge of any Ottawa Party, has revocation been threatened, nor has any such Ottawa Benefit Plan been amended or experienced any change in facts or circumstances since the date of its most recent determination letter or private letter ruling or application therefore in any respect that would adversely affect its qualification.

5.17.4. All reports, returns and similar documents with respect to the Ottawa Benefit Plans required to be filed with any government agency or distributed to any Ottawa Benefit Plan participant have been duly and timely filed or distributed. To the Knowledge of the Ottawa Parties, there are no threatened or pending investigations by any governmental agency, termination proceedings or other claims (except claims for

benefits payable in the normal operation of the Ottawa Benefit Plans), suits or proceedings against or involving any Ottawa Benefit Plan or asserting any rights or claims to benefits under any Ottawa Benefit Plan that could reasonably be expected to give rise to any material liability.

5.17.5. To the Knowledge of the Ottawa Parties, no "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) has occurred that involves the assets of any Ottawa Benefit Plan and that could reasonably be expected to subject any of the Ottawa Parties, or any of their respective employees, or a trustee, administrator or other fiduciary of any trust created under any Ottawa Benefit Plan, to the tax or penalty on prohibited transactions imposed by Section 4975 of the Code or the sanctions imposed under Title I of ERISA. No Ottawa Benefit Plan that has been terminated has or may cause liability to any of the Ottawa Parties.

5.17.6. Except as disclosed on Schedule 5.17.6, (i) at all times on and after the effective date of ERISA, neither any Ottawa Party nor any ERISA Affiliate has contributed to any "multiemployer plan" within the meaning of Section 3(37) of ERISA. Neither any Ottawa Party nor any ERISA Affiliate has withdrawn from any multiemployer plan or has any outstanding withdrawal liability with respect to any such multiemployer plan been assessed against any Ottawa Party or any ERISA Affiliate. No event has occurred or circumstance exists that present a risk of the occurrence of any withdrawal from, participation in, or termination, reorganization, or insolvency of, any multiemployer plan that could result in any liability to any Ottawa Party or any ERISA Affiliate. No Ottawa Party has engaged in any transaction with the scope of Section 4212(c) of ERISA; (ii) no Ottawa Party provides, nor has any liability for, health or welfare benefits with respect to any retired or former employees of any Ottawa Party, nor with respect to any active employees of any Ottawa Party following such employee's retirement or termination of service, except to the extent unsubsidized coverage is required to be made available under the continuation of coverage provisions of COBRA or a similar state law; (iii) neither any Ottawa Party nor any ERISA Affiliate has ever sponsored, participated in or had any obligation to contribute to a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA; (iv) neither any Ottawa Party nor any ERISA Affiliate has sponsored, maintained, or had any obligation to contribute to a "voluntary employees' beneficiary association" within the meaning of Section 501(c)(9) of the Code; (v) neither any Ottawa Party nor any ERISA Affiliate has ever sponsored, maintained, or been a participating employer in any employee benefit plan that is subject to Title I, Subtitle B, Part 3 of ERISA or Section 412 of the Code; (vi) at all times on and after the effective date of ERISA, neither any Ottawa Party nor any ERISA Affiliate has sponsored, maintained, or been a participating employer in any employee benefit plan that is subject to Title IV of ERISA; (vii) at all times on and after January 1, 2005, neither any Ottawa Party nor any ERISA Affiliate has maintained any "nonqualified deferred compensation plans" within the meaning of Section 409A(d)(1) of the Code or any plan subject to the provisions of Section 457(f) of the Code; (viii) with respect to each "nonqualified deferred compensation plan" within the meaning of Section 409A(d)(1) of the Code and with respect to each deferred compensation plan subject to Section 457(f) of the Code, under which current employees have benefited, are benefiting, or are eligible to benefit, each such plan has been administered in good faith

compliance with Section 409A or Section 457(f) of the Code (and the published guidance issued thereunder), as the case may be; (ix) with respect to each Ottawa Benefit Plan, there has been duly and timely furnished, in compliance in all material respects with applicable laws, all notices required under applicable laws to be given to participants, beneficiaries, and alternate payees, or to any governmental authorities, including any notification required by COBRA, by Section 101(i) of ERISA, or by Field Assistance Bulletin 2006-03; (x) with respect to each Ottawa Benefit Plan required to file Form 5500, complete and accurate Forms 5500 have been timely filed for all applicable years; (xi) to the Knowledge of the Ottawa Parties there are no claims, proceedings, or liens (other than routine claims for benefits) pending or threatened with respect to any Ottawa Benefit Plan as to which any Ottawa Party or any ERISA Affiliate have or could reasonably be expected to have any direct or indirect actual or contingent liability; (xii) neither the execution and delivery of this Agreement nor the consummation of the Affiliation will accelerate vesting, increase any benefits otherwise payable, or result in any payment (whether of severance pay, change-of-control benefits, or otherwise) under any Ottawa Benefit Plan; (xiii) except as prohibited under Section 411(d)(6) of the Code and Section 204(g) of ERISA, the Ottawa Parties have the right under each Ottawa Benefit Plan to terminate each such Ottawa Benefit Plan or amend each such Ottawa Benefit Plan so as to reduce benefits, cease accruals, or increase employee cost-sharing; and (xiv) each Ottawa Benefit Plan that is intended to satisfy the requirements of Section 403(b) of the Code has been memorialized in a written plan document that is intended to satisfy the requirements of the regulations issued under Section 403(b) of the Code effective as of January 1, 2009, and during 2009, such Ottawa Benefit Plan was operated in accordance with a reasonable interpretation of Section 403(b) of the Code, taking into account the regulations thereunder, and before the end of 2009, in the case of any operational failure during the 2009 calendar year, the sponsor of such Ottawa Benefit Plan made its best efforts to retroactively correct the operations to conform to the terms of the written plan document, consistent with the general principles of correction set forth in the IRS's Employee Plans Compliance Resolution System (EPCRS) at section 6 of Revenue Procedure 2008-50.

5.17.7. Except as set forth on Schedule 5.17.7, prior to the Closing Date, no Ottawa Party has taken, or caused or permitted to be taken, any action that would change the legal or beneficial ownership status of the accounts in which funds of or attributable to employee pension plans of all Ottawa Parties are invested or otherwise held.

5.18. **Labor Relations**. Except as set forth on Schedule 5.18, each Ottawa Party has, to the Knowledge of Ottawa Parties, complied in all material respects with all Applicable Laws relating to the employment of its employees and independent contractors, including provisions relating to wages, hours, equal opportunity, collective bargaining, and the payment of Social Security and other Taxes, as applicable. No Ottawa Party has entered into any collective bargaining agreements or received notice that any of its employees are represented by, or notice of any claim that any of its employees is entitled to be represented by, a collective bargaining agent.

5.19. **Payment Programs**. The Ottawa Parties have provided to OSF a list of all of the Payment Programs. Except as set forth on Schedule 5.19:

5.19.1. No Ottawa Party is engaged in termination proceedings as to its respective participation in any Payment Program, nor has any Ottawa Party received notice that its current participation in any Payment Program is subject to any contest, termination or suspension as a result of alleged violations or any noncompliance with participation requirements;

5.19.2. To the Knowledge of the Ottawa Parties, no Ottawa Party has taken or committed to any action, entered into any agreement, contract or undertaking, or taken or omitted to take any other action of any nature whatsoever that was or is in violation of any applicable Payment Program condition of participation, contract, standard, policy, rule, regulation, procedure or other requirement, that individually or in the aggregate would result in a Material Adverse Change in the Ottawa Party's business and operations;

5.19.3. To the Knowledge of the Ottawa Parties, all billing and collection practices of each Ottawa Party and, of any billing and/or collection agent acting on behalf of any Ottawa Party, have been in material compliance with all Health Care Laws and the conditions for participation, contracts, standards, policies, rules, regulations, manuals, procedures and requirements of all Payment Programs, except for noncompliance that would not result in a Material Adverse Change in its business and operations;

5.19.4. To the Knowledge of the Ottawa Parties, all cost reports and cost statements submitted by the Ottawa Parties to any Payment Program are true, accurate and complete in all material respects and have been prepared and submitted in accordance with cost and accounting principles consistently applied that comply with all applicable Payment Program conditions for participation, contracts, standards, policies, rules, regulations, manuals, procedures and requirements, including, without limitation, Payment Program interpretations and guidance;

5.19.5. Except as set forth on Schedule 5.19.5, no cost reports or cost statements are open and unresolved;

5.19.6. Except as set forth on Schedule 5.19.6, to the Knowledge of the Ottawa Parties, no Ottawa Party has taken any of the following actions, if any such action would result in a Material Adverse Change in its business and operations: submitted to any Payment Program any false, fraudulent, abusive or improper claim for payment, billed any Payment Program for any service not rendered or not rendered as claimed, or received and retained any payment or reimbursement from any Payment Program in excess of the proper amount allowed by Applicable Law and applicable contracts or agreements with the Payment Programs;

5.19.7. Except as set forth on Schedule 5.19.7, there is no audit, investigation, adverse action, or civil, administrative, or criminal proceeding pending or, to the Knowledge of any Ottawa Party, threatened relating to participation in any Payment Program by any Ottawa Party; and, to the Knowledge of any Ottawa Party, there is no basis for any such adverse action by the Payment Program against any Ottawa Party;

5.19.8. No Payment Program has requested or, to the Knowledge of any Ottawa Party, threatened any recoupment, refund, or set off from any Ottawa Party, or imposed any fine, penalty or other sanction on any Ottawa Party; and

5.19.9. The Ottawa Parties have complied, or will comply, in a timely manner with any notice, approval, application, submission, filing or other requirements of the Payment Programs with respect to the transactions contemplated by this Agreement, including, without limitation, any transfer or change of ownership requirements.

5.20. **Accreditation**. The Ottawa Parties have provided to OSF a list of each Ottawa Party's current Accreditations. Except as set forth on Schedule 5.20: (a) all of the Ottawa Parties' Accreditations have been duly obtained, are held by the respective Ottawa Parties, are current and valid, and are in full force and effect; (b) to the Knowledge of the Ottawa Parties, no event has occurred or other fact exists with respect to the Accreditations that allows, or after notice or lapse of time or both would allow, revocation, suspension, restriction, limitation or termination of any of the Accreditations or would result in any other impairment of the rights of the holder of any of the Accreditations that individually or in the aggregate would be material; (c) no notice from any accreditation organization in respect to the revocation, suspension, restriction, limitation or termination of any Accreditations has been issued, received or, to the Knowledge of the Ottawa Parties, proposed or threatened; and (d) no statement of deficiencies, survey report, inspection report, notice of audit, audit results, complaint or other notice of noncompliance with the requirements, standards or other conditions of any Accreditation has been issued, received or, to the Knowledge of the Ottawa Parties, proposed or threatened by any accreditation organization, for which any actual or potential payment or other obligation exists.

5.21. **Contracts and Other Commitments**. The Ottawa Parties have provided OSF with copies of, or otherwise disclosed to OSF, all Material Contracts to which any Ottawa Party is a party. Each Material Contract is a valid and binding obligation of the Ottawa Party and is a valid and binding obligation of the other party or parties thereto, and to the Knowledge of Ottawa Parties, enforceable in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and except for limitations upon the availability of equitable remedies, including specific performance). None of the transactions contemplated by this Agreement creates in any party to any such Material Contract the right to revise the terms of, to terminate, to accelerate any obligation of any Ottawa Party, or otherwise to declare that such Material Contract has been breached. Except as listed on Schedule 5.21, no Ottawa Party is in breach or default in any material respect under any term or provision of any Material Contract or the Ottawa Master Indenture or any related loan, tax, or swap agreement, as applicable.

5.22. **Compliance Program**. Ottawa, ORHA, ORMC, and OR Cardinal Sleep have provided to OSF a copy of each such entity's current Compliance Program materials. Except as set forth on Schedule 5.22, neither Ottawa, ORHA, ORMC, nor OR Cardinal Sleep: (a) is a party to a Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services; (b) has reporting obligations pursuant to any settlement agreement entered into with any Federal, state or local government entity; (c) to the Knowledge of Ottawa, ORHA, ORMC, or OR Cardinal Sleep, as applicable, has been the subject of any government payer program investigation conducted by any Federal or state enforcement

agency within the past three (3) years; (d) has been a defendant in any unsealed qui tam/False Claims Act litigation within the past three (3) years; (e) has been served with or received, within the past three (3) years, any search warrant, subpoena, civil investigative demand, contact letter, or, to the Knowledge of Ottawa, ORHA, ORMC, or OR Cardinal Sleep, as applicable, telephone or personal contact by or from any Federal or state enforcement agency (except in connection with medical services provided to third parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the health care businesses conducted by the Ottawa Parties); and (f) has received, to the Knowledge of Ottawa, ORHA, ORMC, or OR Cardinal Sleep, as applicable, any complaints within the past three (3) years from employees, independent contractors, vendors, physicians, or any other Person that resulted in a claim being filed with a Federal, state or local government entity alleging that Ottawa, ORHA, ORMC, or OR Cardinal Sleep has violated any law or regulation.

5.23. **Exclusion from Health Care Programs**. Each Ottawa Party has a program in place to determine whether any of its employees, agents or independent contractors has been: (a) excluded from participating in any Federal Health Care Program (as defined in 42 U.S.C. § 1320a 7b(f)); (b) subject to sanction or been indicted or convicted of a crime, or pled *nolo contendere* or to sufficient facts, in connection with any allegation of violation of any Federal Health Care Program requirement or Health Care Law; (c) debarred or suspended from any Federal or state procurement or nonprocurement program by any government agency; or (d) designated a Specially Designated National or Blocked Person by the Office of Foreign Asset Control of the U.S. Department of Treasury.

5.24. **Medical Staff Matters**. Ottawa has provided to OSF true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of Ottawa, as well as a list of all current members of the medical staff. Except as set forth in Schedule 5.24: (a) there are no adverse actions with respect to any medical staff members of Ottawa or any applicant thereto for which a medical staff member or applicant has requested a hearing that has not been scheduled or has been scheduled but has not been completed; (b) there are no pending or, to the Knowledge of Ottawa, threatened disputes with applicants, staff members, or health professional affiliates, and Ottawa knows of no basis therefore; and (c) all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired. Notwithstanding the foregoing provisions of this Section , Ottawa shall not be required to disclose any information pursuant to this Section where such disclosure is prohibited by state law or where such disclosure would, in Ottawa's reasonable discretion, potentially jeopardize any applicable privilege that would protect the disclosure of such information to third parties.

5.25. **Experimental Procedures**. The Ottawa Parties have not performed or permitted the performance of any experimental or research procedures or studies involving patients of the Ottawa Parties not authorized and conducted in accordance with the procedures of the applicable Institutional Review Board.

5.26. **Intellectual Property: Computer Software**. No proceedings are pending or, to the Knowledge of the Ottawa Parties, threatened that challenge the validity of the ownership by the Ottawa Parties of any Intellectual Property. The Ottawa Parties have not licensed anyone to use such Intellectual Property and have no Knowledge of the use or the infringement of any such Intellectual Property by any other Person. The Ottawa Parties own (or possesses adequate and

enforceable licenses or other rights to use) all Intellectual Property and all computer software programs and similar systems used in the conduct of their businesses.

5.27. **Hill-Burton Loan**. Ottawa does not have any outstanding financial obligations to repay any loans, grants, or loan guarantees pursuant to the Hill-Burton Act (42 U.S.C. § 291a, *et seq.*).

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF OSF

OSF hereby gives, as of the Execution Date, and shall give, as of the Closing Date, the following representations and warranties to the Ottawa Parties:

6.1. **Organization; Good Standing; Power**. OSF is duly formed as an Illinois not-for-profit corporation. OSF is validly existing and in good standing under the laws of the State of Illinois and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

6.2. **Corporate Authorization**.

6.2.1. OSF has the full corporate power and authority to enter into and to perform its obligations under this Agreement.

6.2.2. The execution, delivery and performance of this Agreement by OSF has been duly and properly authorized by all necessary corporate action in accordance with its Governing Documents.

6.2.3. This Agreement constitutes the valid and legally binding obligation of OSF, enforceable against it in accordance with its terms, except as enforceability may be limited by: (a) general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law; (b) bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors' rights generally; and (c) applicable requirements of the OSF Master Indenture and Related Agreements.

6.3. **No Violation; Approvals**.

6.3.1. Except to the extent specified in Schedule 6.3.1, the execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of OSF, and is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any Material Contract, indenture, mortgage, material permit or license, approval or other commitment to which OSF is a party or is subject or by which it is bound, or any Applicable Law.

6.3.2. Except to the extent specified in Schedule 6.3.2, no approval, authorization, registration, consent, order, filing or other action that has not occurred or been obtained with or from any Person, including any court, administrative agency or

other governmental authority, is required for the execution and delivery by OSF of this Agreement or the consummation by OSF of the transactions contemplated or required hereby, except for filings required pursuant to the Illinois Health Facilities Planning Act, or the HSR Act if applicable

6.4. **No Material Omissions**.

6.4.1. OSF has responded in all material respects to all requests for information and documentation made by Ottawa in connection with its due diligence review of the business, operations, assets and liabilities of OSF. OSF has not Knowingly omitted any material information relating to the businesses, operations, assets or liabilities of OSF in its responses to Ottawa's requests. Since the delivery of such responses to the Ottawa Parties, OSF has not received and not disclosed any information that would render untrue or misleading in any material respect any information previously disclosed to the Ottawa Parties in response to their requests for information.

6.4.2. The representations and warranties of OSF contained in this Agreement, and each Exhibit, Schedule, certificate or other document delivered at Closing by OSF pursuant to this Agreement, are accurate, correct and complete in all material respects, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

6.5. **Tax Exempt Status**. OSF is a Tax Exempt Organization. The IRS has not taken, or, to the Knowledge of OSF, proposed to take, any action to revoke the tax-exemption of OSF, and has not determined in writing or, to the Knowledge of OSF, proposed to announce, that OSF is a "private foundation" within the meaning of Section 509(a) of the Code. OSF does not have Knowledge of any change in the organization or operation of OSF that would result in a loss of OSF's status as a Tax Exempt Organization.

6.6. **Legal Proceedings**. Except as disclosed on Schedule 6.6, OSF is not a defendant in, or, to the Knowledge of OSF, threatened with, any action, suit, proceeding, complaint, charge, hearing, arbitration or state or Federal governmental investigation that could reasonably be expected to materially and adversely affect its ability to perform its obligations under this Agreement. Except as disclosed on Schedule 6.6, OSF has not received notice of any investigation or threatened investigation by any Federal, state or local governmental or regulatory agency, including those involving its business practices and policies, that could result in a Material Adverse Change in OSF.

6.7. **Financial Statements**.

6.7.1. OSF has delivered to Ottawa true and correct copies of: (a) the OSF Audited Financial Statements; and (b) the OSF Unaudited Financial Statements. From the Execution Date to the Closing Date, by the fifteenth Business Day of the following month, OSF shall provide Ottawa with the OSF Interim Financial Statements.

6.7.2. The OSF Financial Statements are: (a) true and correct in all material respects and present fairly the financial position of OSF, and the results of the operations

of OSF at the dates and for the periods indicated; and (b) are in conformity with GAAP, applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology, except: (1) as otherwise disclosed on Schedule 6.7.2; and (ii) that the OSF Unaudited Financial Statements and the OSF Interim Financial Statements need not contain any of the footnotes or other year-end adjustments required to comply with GAAP.

6.7.3. Except as set forth in Schedule 6.7.3 from and after October 1, 2010, OSF has not made any material changes to its accounting methods or practices, including methods or practices used to:

(a) Establish reserves on any patient, notes and accounts receivable;

(b) Establish estimates of any third-party settlements;

(c) Determine the value of any other accounts that require subjective determinations; and

(d) Establish malpractice, general liability or other self-insurance reserves, including claims incurred but not reported.

6.7.4. Except as disclosed on Schedule 6.7.4, OSF has no liabilities or obligations of any kind, whether contingent or absolute, direct or indirect, or matured or unmatured, that are not shown or provided for in the OSF Financial Statements provided to Ottawa prior to the Execution Date, other than: (a) covered by commercial insurance or self insurance, or reserved by a specific or general reserve and any individual liability or obligation of less than $2,000,000, provided such liabilities and obligations in the aggregate do not exceed $4,000,000; or (b) liabilities arising in the ordinary course of business that are reflected on the OSF Interim Financial Statements.

6.8. **Interim Changes**. Except for matters expressly permitted or authorized by this Agreement and except as set forth on Schedule 6.8, there has not been, after the date of the OSF Audited Financial Statements:

6.8.1. Any Material Adverse Change in OSF;

6.8.2. Any disposition by OSF of any property, rights or other assets owned by or employed in OSF, except for dispositions in the usual and ordinary course of the business;

6.8.3. Any change in the chief executive officer of OSF, other than in the ordinary course of business; and

6.8.4. Any amendment or termination of any material contract that has had or could reasonably be expected to have, in the aggregate, a material and adverse effect on OSF.

6.9. **Compliance with Law**. To the knowledge of OSF, OSF is in compliance with all Applicable Laws, including, without limitation, all Health Care Laws, in all material respects.

6.10. **Payment Programs**.

6.10.1. OSF is not engaged in termination proceedings as to its participation in any Payment Program, nor has OSF received notice that its current participation in any Payment Program is subject to any contest, termination or suspension as a result of alleged violations or any noncompliance with participation requirements.

6.10.2. Except as set forth in Schedule 6.10.2, there is no audit, investigation, adverse action, or civil, administrative, or criminal proceeding pending or, to the Knowledge of OSF, threatened relating to participation in any Payment Program by OSF; and, to the Knowledge of OSF, there is no basis for any such adverse action by the Payment Program against OSF.

ARTICLE VII
PRE-CLOSING COVENANTS OF THE OTTAWA PARTIES

Each Ottawa Party hereby agrees to keep, perform and fully discharge, or to cause to be kept, performed and fully discharged, as applicable, the following covenants and agreements, as applicable:

7.1. **Interim Conduct of Business**. From the Execution Date to the Closing Date:

7.1.1. Each Ottawa Party shall:

(a) Preserve, protect and maintain its business, properties and assets;

(b) Operate its business as a going concern, consistent with prior practices and not other than in the ordinary course of business;

(c) Preserve the goodwill of all individuals and entities having business or other relations with it or them, including, without limitation, physicians, employees, patients, customers and suppliers;

(d) Obtain all documents called for by this Agreement and required to facilitate the consummation of the transactions contemplated by this Agreement;

(e) Cooperate with OSF to implement the Plan of Finance and, if applicable, cooperate with OSF's counsel to deliver opinions necessary to market bonds in accordance with the Plan of Finance; and

(f) Use its best efforts to amend all existing lease agreements identified in Schedule 5.11.1 under which it leases space to third party health care providers to prohibit the use of the leased premises in the delivery of items and services that contravene the Ethical and Religious Directives.

7.1.2. The Ottawa Parties shall provide OSF with the Ottawa Interim Financial Statements as set forth in Section 5.4.1.

7.1.3. The Ottawa Parties shall not do any of the following without the prior written consent of OSF, which consent shall not be unreasonably withheld or delayed:

(a) Make any changes, or permit any changes to be made, in the Governing Documents of the Ottawa Parties, except for changes expressly authorized by this Agreement;

(b) Enter into (or amend existing) agreements for employment, indemnity, retention, severance, change-in-control, employee lease, deferred compensation, or incentive compensation with, or agreements regarding loans or advances to Key Management Personnel;

(c) Make any change in the chief executive officer of an Ottawa Party or the Boards of the Ottawa Parties other than in the ordinary course of business and with written notice to OSF;

(d) Enter into any Debt Transaction or issue any obligations under the Ottawa Master Indenture;

(e) Enter into any New Physician Contract;

(f) Enter into any new or amend any existing Material Contract with a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or

(g) Enter into any transaction or contractual obligation that would materially adversely impact an Ottawa Party's ability to perform its obligations under this Agreement.

7.2. **Preserve Accuracy of Representations and Warranties**. From the Execution Date to the Closing Date:

7.2.1. The Ottawa Parties shall take no action that would render any representation or warranty contained in this Agreement inaccurate or untrue as of the Closing Date.

7.2.2. The Ottawa Parties shall promptly notify OSF of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against any Ottawa Party, or its officers, directors or member involving in any material way the ability of the Ottawa Parties to consummate the transactions contemplated or required by this Agreement, or materially affecting an Ottawa Party's business, properties or its assets.

7.2.3. The Ottawa Parties shall promptly notify OSF in writing of any facts or circumstances that come to their attention and that cause, or through the passage of time may cause, any of the representations and warranties made by them and contained in this

Agreement to be untrue or misleading at any time from the Execution Date to the Closing Date.

7.3. **Access to Information**.

7.3.1. From the Execution Date to the Closing Date, each of the Ottawa Parties shall give to OSF and to its representatives full and free access, except as may be limited by applicable laws and regulations, during normal business hours, to all properties, books, records and contracts and other materials pertaining to the businesses, properties and assets of the Ottawa Parties, as may be reasonably requested and appropriate in order for OSF to perform its obligations hereunder (and in accordance with guidelines approved by the Parties' antitrust counsel), subject to reasonable advance notice and provided that OSF shall not exercise such rights of access in such manner as would unduly interfere with the operations of the Ottawa Parties' personnel or the activities of Ottawa's, ORHA's, ORMC's, or OR Cardinal Sleep's patients or guests.

7.3.2. The Ottawa Parties shall cooperate in keeping OSF fully informed and shall promptly notify OSF of any Material Adverse Change in the normal course of business or prospects of any Ottawa Party.

7.4. **Maintain Books and Accounting Practices**. From the Execution Date to the Closing Date, the Ottawa Parties shall maintain the books of account of the Ottawa Parties in the usual, regular and ordinary manner in accordance with GAAP consistently applied and on a basis consistent with prior years, including, without limitation, the consistent use of assumptions, practices, procedures and terminology, and, except as otherwise required by GAAP, and the Ottawa Parties shall not make or cause to be made any material changes in the accounting methods or practices of the Ottawa Parties, including, without limitation, as applicable, methods or practices:

7.4.1. Establishing reserves on any patient, notes and accounts receivable;

7.4.2. Establishing reserves for all third-party settlements; and

7.4.3. Determining the value of any other accounts that are subjectively determined.

7.5. **Compliance with Laws**. From the Execution Date to the Closing Date, the Ottawa Parties shall:

7.5.1. Comply with all Applicable Laws affecting the Ottawa Parties; and

7.5.2. Keep, hold and maintain all certificates, certificates of need, certificates of exemption, accreditation, licenses and other permits necessary for the conduct and operation the Ottawa Parties.

7.6. **No Merger or Consolidation**. From the Execution Date to the Closing Date, the Ottawa Parties shall not merge or consolidate with any other entity, and the Ottawa Parties shall not acquire any of the assets of any other corporation, business or Person except: (a) in the

ordinary course of business; or (b) with respect to confidential transactions underway at the time of execution of this Agreement that (i) have been disclosed in writing to OSF and (ii) that OSF has not provided to Ottawa a written notice of objection to such transaction prior to the Execution Date of this Agreement.

7.7. **Third Party Authorizations**. From the Execution Date to the Closing Date, the Ottawa Parties shall obtain expeditiously all consents, approvals and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or appropriate under Applicable Laws and under all contracts, agreements and commitments to which an Ottawa Party is a party or is bound, or to the extent necessary for the valid execution, delivery and performance of this Agreement by the Ottawa Parties.

7.8. **Confidentiality of OSF's Information**. The Confidentiality Agreement shall remain in full force and effect, except to the extent necessary to implement the provisions of this Agreement, including but not limited to the Plan of Finance.

ARTICLE VIII
PRE-CLOSING COVENANTS OF OSF

OSF hereby agrees to keep, perform and fully discharge the following covenants and agreements:

8.1. **Interim Conduct of Business**. From the Execution Date to the Closing Date:

8.1.1. OSF shall:

(a) Preserve, protect and maintain its business, properties and assets;

(b) Operate its businesses as a going concern, consistent with prior practices;

(c) Preserve the goodwill of all individuals and entities having business or other relations with it or them, including, without limitation, physicians, employees, patients, customers and suppliers; and

(d) Obtain all documents called for by this Agreement and required to facilitate the consummation of the transactions contemplated by this Agreement.

8.1.2. OSF shall provide Ottawa with the OSF Interim Financial Statements as set forth in Section 6.7.

8.1.3. OSF shall not, without the prior written consent of Ottawa, which consent shall not be unreasonably withheld or delayed, enter into any transaction or contractual obligation that would materially adversely impact OSF's ability to perform its obligations under this Agreement.

8.2. **Preserve Accuracy of Representations and Warranties**. From the Execution Date to the Closing Date:

8.2.1. OSF shall take no action that would render any representation or warranty contained in this Agreement inaccurate or untrue as of the Closing Date.

8.2.2. OSF shall promptly notify Ottawa of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against OSF, or its officers, directors or members involving in any material way the ability of OSF to consummate the transactions contemplated or required by this Agreement, or materially affecting OSF's business, properties or its assets.

8.2.3. OSF shall promptly notify Ottawa in writing of any facts or circumstances that come to its attention and that cause, or through the passage of time may cause, any of the representations and warranties contained in this Agreement to be untrue or misleading at any time from the Execution Date to the Closing Date.

8.3. **Access to Information**.

8.3.1. From the Execution Date to the Closing Date, OSF shall give Ottawa and its representatives full and free access, during normal business hours, to all properties, books, records and contracts and other materials pertaining to the businesses, properties and assets of OSF, as may be reasonably requested (and in accordance with guidelines approved by the Parties' antitrust counsel), subject to reasonable advance notice and provided that Ottawa shall not exercise such rights of access in such manner as would unduly interfere with the operations of OSF or the work of OSF's personnel or the activities of OSF's patients or guests.

8.3.2. OSF shall cooperate in keeping Ottawa fully informed and shall promptly notify Ottawa of the status of the affiliation with Rockford Health System and any other hospital based health system, subject to OSF's confidentiality obligations, or any Material Adverse Change in the normal course of business or prospects of OSF.

8.4. **Maintain Books and Accounting Practices**. From the Execution Date to the Closing Date, OSF shall maintain the books of account of OSF in the usual, regular and ordinary manner in accordance with GAAP consistently applied and on a basis consistent with prior years, including, without limitation, the consistent use of assumptions, practices, procedures and terminology, and, except as otherwise required by GAAP, and OSF shall not make or cause to be made any material changes in the accounting methods or practices of OSF.

8.5. **Compliance with Laws**. From the Execution Date to the Closing Date, OSF shall:

8.5.1. Comply with all Applicable Laws affecting OSF; and

8.5.2. Keep, hold and maintain all certificates, certificates of need, certificates of exemption, accreditation, licenses and other permits necessary for the conduct and operation of OSF.

8.6. **Third Party Authorizations**. From the Execution Date to the Closing Date, OSF shall obtain expeditiously all consents, approvals and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or appropriate under Applicable Laws and under all contracts, agreements and commitments to which OSF is a party or is bound, or to the extent necessary for the valid execution, delivery and performance of this Agreement by OSF.

8.7. **Confidentiality of Ottawa Parties' Information**. The Confidentiality Agreement shall remain in full force and effect, except to the extent necessary to implement the provisions of this Agreement, including but not limited to the Plan of Finance. Notwithstanding the foregoing, after the Closing Date, OSF shall no longer be bound by the confidentiality obligations set forth in the Confidentiality Agreement, with respect to any and all information which constitutes or pertains to confidential information of or regarding the Ottawa Parties.

ARTICLE IX
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE OTTAWA PARTIES

The obligations of the Ottawa Parties to consummate the transaction contemplated by this Agreement are, at the option of Ottawa, subject to the satisfaction by OSF, on or prior to the Closing Date, of the following conditions:

9.1. **Regulatory Approvals**. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date, including, without limitation:

9.1.1. **Hart Scott Rodino**. If applicable, the Parties shall have submitted their respective filings under the HSR Act and all required waiting periods under the HSR Act shall have expired.

9.1.2. **Health Planning**. The Parties shall have obtained any necessary certificates of exemption and/or certificates of need, as applicable, from the IHFSRB to consummate the Affiliation.

9.2. **Accuracy of Warranties; Performance of Covenants**. The representations and warranties of OSF contained in this Agreement shall be accurate in all material respects as if made on and as of the Closing Date. OSF shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

9.3. **No Pending Action**. No action or proceeding before any court or governmental body shall be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

9.4. **No Bankruptcy**. OSF shall not: (a) be in receivership or dissolution; (b) have made any assignment for the benefit of creditors; (c) have admitted in writing its inability to pay its debts as they mature; (d) have been adjudicated bankrupt; or (e) have filed a petition in

voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against OSF.

9.5. **Material Consents**. All Material Consents shall have been obtained on or before the Closing Date.

9.6. **Exhibits and Schedules**. It is not a condition precedent for this Agreement to be binding upon the Parties that all Exhibits and Schedules required under this Agreement be attached in a final form on the Execution Date. Notwithstanding the foregoing, all Exhibits and Schedules required under this Agreement shall be complete and otherwise in final form acceptable to the Parties and shall be attached to the Agreement at Closing.

9.7. **Delivery of OSF Closing Documents**. OSF shall have delivered, on or before the Closing Date, the OSF Closing Documents.

9.8. **Defeasance**. The Ottawa Master Indenture and all obligations, loan agreements, tax agreements, credit agreements, and all other related loan documents of the Ottawa Parties thereunder shall have been defeased, satisfied, and released in accordance with the Plan of Finance.

9.9. **Delivery of Other Agreements**. OSF shall have executed and delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the Affiliation.

ARTICLE X
CONDITIONS PRECEDENT TO OBLIGATIONS OF OSF

The obligations of OSF to consummate the transaction contemplated by this Agreement are, at the option of OSF, subject to the satisfaction by the Ottawa Parties, on or prior to the Closing Date, of the following conditions:

10.1. **Regulatory Approvals**. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date, including, without limitation:

10.1.1. **Hart Scott Rodino**. If applicable, the Parties shall have submitted their respective filings under the HSR Act, and all required waiting periods under the HSR Act shall have expired.

10.1.2. **Health Planning**. The Parties shall have obtained any necessary certificates of exemption and/or certificates of need, as applicable, from the IHFSRB to consummate the Affiliation.

10.2. **Accuracy of Warranties; Performance of Covenants**. The representations and warranties of the Ottawa Parties contained in this Agreement shall be accurate in all material respects as if made on and as of the Closing Date. Each of the Ottawa Parties shall have

performed all of the obligations and complied with each of the covenants, agreements and conditions required to be performed or complied with on or prior to the Closing Date.

10.3. **No Pending Action**. No action or proceeding before any court or governmental body shall be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

10.4. **No Bankruptcy**. No Ottawa Party shall: (a) be in receivership or dissolution; (b) have made any assignment for the benefit of creditors; (c) have admitted in writing its inability to pay its debts as they mature; (d) have been adjudicated bankrupt; or (e) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any state; and nor shall any such petition have been filed against any Ottawa Party.

10.5. **Material Consents**. All Material Consents shall have been obtained on or before the Closing Date.

10.6. **Exhibits and Schedules**. It is not a condition precedent for this Agreement to be binding upon the Parties that all Exhibits and Schedules required under this Agreement be attached in a final form on the Execution Date. Notwithstanding the foregoing, all Exhibits and Schedules required under this Agreement shall be complete and otherwise in final form acceptable to the Parties and shall be attached to the Agreement at Closing.

10.7. **Amendment of Ottawa Medical Staff Bylaws**. The medical staff bylaws, rules and regulations, and credentialing procedures of the hospital facility owned and operated by Ottawa shall be amended as of the Closing Date to include the provisions set forth on Schedule 10.7, prohibiting the performance of any procedures and the provision of any service in violation of the Ethical and Religious Directives.

10.8. **Delivery of Ottawa Closing Documents**. The Ottawa Parties shall have delivered, on or before the Closing Date, the Ottawa Closing Documents.

10.9. **Entry Into OSF Obligated Group**. Ottawa and the Ottawa Foundation shall have become Members of the OSF Obligated Group.

10.10. **Due Diligence**. OSF shall have completed its due diligence investigation of the Ottawa Parties and the resulting information from such investigation shall have been acceptable to OSF in its sole discretion, and the Ottawa Parties shall have furnished to OSF and its representatives such information and access to such books and records and personnel as OSF may reasonably request for such purpose.

10.11. **Delivery of Other Agreements**. The Ottawa Parties shall have executed and delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the Affiliation.

10.12. **Ottawa Auxiliary Governing Documents**. Effective as of the Closing Date, Ottawa Auxiliary shall have taken all requisite action to amend and restate its Governing Documents in the forms attached hereto as Exhibit D, and Ottawa shall have approved such amendment and restatement.

10.13. **RONI, FRCC and OR DME Governing Documents**. Effective as of the Closing Date, RONI, FRCC and OR DME shall each have taken all requisite action to amend and restate their respective Governing Documents, in form and substance reasonably satisfactory to OSF, to prohibit the provision by each entity of items and services in contravention of the Ethical and Religious Directives, and to give to Ottawa the remedy of specific performance of each such entity's obligation to abide by the Ethical and Religious Directives.

10.14. **Amendments to Leases**. Effective as of the Closing Date, all existing lease agreements identified in Schedule 5.11.1 under which each Ottawa Party leases space to third party health care providers shall be amended to prohibit the use of the leased premises in the delivery of items and services that contravene the Ethical and Religious Directives.

ARTICLE XI
CLOSING

11.1. **Closing Date; Closing**. The Parties shall close the Affiliation and the other transactions contemplated by the Agreement on the Closing Date. The Closing shall occur two (2) Business Days immediately prior to the Closing Date, at the offices of Hinshaw & Culbertson LLP, 416 Main Street, Peoria, Illinois or any other date or location agreed to by the Parties. All documents to be executed and actions to be taken, pursuant to this Agreement, at the Closing, shall be deemed to have been executed and to have been taken substantially concurrently, and no action shall be deemed to be complete until all are completed. Unless the Parties otherwise agree in writing, the Affiliation and other transactions contemplated herein to become effective as of the Closing Date, shall become so effective, provided that, as of the Closing Date, all of the Closing conditions (except for any Closing condition which has been waived in writing by the Party(ies) entitled to do so) have occurred, including the delivery by each Party of each of the Closing documents required to be delivered by such Party hereunder.

11.2. **Pre-Closing Actions**. Prior to the Closing, the Parties shall take and cause to be taken all actions necessary or appropriate on their respective parts to implement the transactions contemplated herein on the Closing Date, including the following:

11.2.1. **Actions by OSF**. Prior to the Closing Date, the OSF Board shall approve the execution of any and all agreements and other documents and the taking of any and all other actions necessary or appropriate to consummate the transactions contemplated or required by this Agreement to be taken by OSF on or before the Closing Date.

11.2.2. **Actions by the Ottawa Parties**. Prior to the Closing Date, the Boards of the Ottawa Parties shall approve the execution on behalf of the Ottawa Parties of any and all agreements and other documents, and the taking of any and all other actions necessary or appropriate to consummate the transactions contemplated or required by this

Agreement to be taken by the Ottawa Parties on or before the Closing Date, including approval of the amended and restated Governing Documents.

11.3. **Closing Document Deliveries**. At the Closing, the Parties shall deliver the documents described below.

11.3.1. **OSF Closing Documents**. At the Closing, OSF shall deliver the OSF Closing Documents.

11.3.2. **Ottawa Closing Documents**. At the Closing, the Ottawa Parties shall deliver the Ottawa Closing Documents.

11.4. **Modification of Schedules and Exhibits**. During the period from the Execution Date until the Closing, either OSF or Ottawa may amend any one or more of the Schedules or Exhibits delivered at the Execution Date by delivering an updated Schedule or Exhibit to the other. Upon receipt of the updated document, the Receiving Party shall promptly review such document and either approve or disapprove it. If the Receiving Party approves the updated document, such document shall become the final Schedule or Exhibit. If the Receiving Party fails to approve the Amending Party's updated document(s), the Amending Party refuses to cure the items of disagreement, or the Parties are unable to agree upon an appropriate cure, or if the agreed-upon cure has not been completed by Closing, the Receiving Party may: (a) elect to close over the issue; or (b) may elect to terminate this Agreement pursuant to Section 15.1 by providing notice to the Amending Party. If the Receiving Party elects to close over the issue, the updated document shall be deemed a modification to the Schedule or Exhibit delivered by the Amending Party prior to the Closing Date. Upon agreement of the Parties, either Party may set forth any disclosures required by a Schedule in a separate writing delivered to the other Parties that specifically makes reference to the applicable Section of the Agreement and the required schedule thereto.

ARTICLE XII
POST-CLOSING COVENANTS OF OTTAWA PARTIES

12.1. **Compliance with Governing Documents**. The Ottawa Parties shall at all times comply with the terms and conditions of their respective amended and restated Governing Documents.

12.2. **Exercise of Reserved Powers**. Ottawa shall, subject to the Reserved Powers held by OSF, exercise all the powers reserved to it in its amended and restated Governing Documents with respect to the Ottawa Foundation, Ottawa Auxiliary and ORHA, and shall not waive any power reserved to it. ORHA shall, subject to the Reserved Powers held by Ottawa, exercise all the powers reserved to it in its amended and restated Governing Documents with respect to ORMC, and shall not waive any power reserved to it.

12.3. **Catholic Teachings**.

12.3.1. The Ottawa Parties shall at all times and without exception comply with, and manage and operate the Ottawa Facilities and Services in accordance with, the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives

and Canon Law and in a manner which, as determined by OSF in good faith after reasonable investigation, does not bring Scandal upon OSF. The Ottawa Parties shall use their best efforts to ensure that their respective agents and independent contractors do not engage in conduct which, as determined by OSF in good faith after reasonable investigation, brings Scandal upon OSF.

12.3.2. The Ottawa Parties shall maintain at all times their respective amended and restated Governing Documents in compliance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives and Canon Law.

12.3.3. The Ottawa Parties shall prohibit the performance of any procedures or the provision of any services in violation of the Ethical and Religious Directives, within the scope of employment, by a physician or other health care worker employed by an Ottawa Party by adoption of a policy or policies, or amendments to employment agreements, in form and substance acceptable to OSF in its sole discretion.

12.3.4. The Ottawa Parties may enter into agreements for the lease of space to third party health care providers only if such lease agreements expressly prohibit the delivery in the leased premises of items and services that contravene the Ethical and Religious Directives.

12.4. **Catholic Identity**. As directed by OSF, so as to establish the Ottawa Parties' Catholic identity, the Ottawa Parties shall:

12.4.1. Operate the Ottawa Facilities and Services pursuant to OSF's Mission, Philosophy and Values in a manner which respects the individual beliefs and spiritual values of the patients of the Ottawa Facilities and Services and honors and permits freely the outward expression of such patients' individual beliefs and spiritual values;

12.4.2. Display, in the tradition of OSF, religious icons or symbols of religious identification at the Ottawa facilities and all other facilities used by the Ottawa Parties in the delivery of health care services;

12.4.3. Designate in the hospital facility owned and operated by Ottawa a chapel that meets the requirements of the Catholic Diocese of Peoria for use in Roman Catholic worship and for other Christian services;

12.4.4. Permit the assignment by OSF of women religious to work at the Ottawa facilities and at all other facilities used by the Ottawa Parties in the delivery of health care services, and to permit such persons to work in positions to which they are assigned by OSF, provided those assigned meet the job qualifications for positions they are filling;

12.4.5. Nominate, through the Ottawa Board, persons to serve as chairman and members of one or more ethics committees established by OSF to serve the Ottawa Facilities and Services other than home health and hospice services, which will be served by OSF's existing system-wide HomeCare Ethics Committee. The HomeCare Ethics Committee will include one or more representatives from the Ottawa Facilities and Services who will be nominated by the members of the Home Care Ethics Committee.

The OSF Board will have the sole power to appoint or reject any nominee, but its decision shall not be made arbitrarily; and the OSF Board shall have the right to appoint one or more ethicists to advise the ethics committees on interpretations of Roman Catholic ethical principles; and

12.4.6. Permit the appointment by OSF of the director of pastoral care services for Ottawa Facilities and Services, which director shall meet the requirements of the Catholic Diocese of Peoria and shall supervise and coordinate the activities of all persons performing pastoral care services in connection with the Ottawa Facilities and Services, which persons may be appointed by the Ottawa Board, subject to the approval of the OSF Board.

12.5. **Name Changes**. Each Ottawa Party shall change its name and the names of all Ottawa Facilities and Services owned and operated by it, as directed by OSF from time to time; provided that OSF shall consult with the Ottawa Board prior to directing an Ottawa Party to change its name; and further provided that the hospital facility known as Ottawa Regional Hospital & Healthcare Center prior to the Closing Date shall be renamed effective as of the Closing Date.

12.6. **Membership in OSF Obligated Group**. No Ottawa Party shall take action to amend or revoke the designation of OSF as the Group Representative and the Obligated Group Agent under the terms of the OSF Master Indenture, to otherwise hinder OSF's exclusive exercise of the power and authority described in Section 2.3.2(b), or to cease to be a Member of the OSF Obliged Group without the express written approval of OSF.

12.7. **Participation in System Initiatives**.

12.7.1. **Corporate Office Services**. The Ottawa Parties acknowledge that OSF has established certain programs and initiatives that create value in terms of scale, leverage and/or superior operating performance on behalf of OSF as a whole, including but not limited to Corporate Office Services. In their management and operation of the Ottawa Facilities and Services, the Ottawa Parties shall make use of all the services provided by Local Corporate Personnel, the Corporate Office Services, and the advice and assistance of the various divisions of the Corporate Office. The services provided by Local Corporate Personnel shall not be provided by employees of the Ottawa Parties. The costs for Corporate Office Services, and the salaries, wages, and benefits of Local Corporate Personnel and the Ottawa CEO, will be allocated to the Ottawa Parties in accordance with OSF policies.

12.7.2. **Supply Chain Management; Corporate Engineering**. To the extent that materials, supplies, and services are available through the supply chain management or the corporate engineering division of the Corporate Office, each Ottawa Party shall obtain such materials, supplies, and services from or through the supply chain management or corporate engineering division, as applicable.

12.7.3. **Information Systems**. OSF and the Ottawa Parties acknowledge that OSF maintains a common Information System, serving all of OSF's health care facilities

and services, in which relevant management, financial and clinical information from all of OSF's operations share a common data repository and thereby become accessible for use by all authorized parties. OSF and the Ottawa Parties acknowledge the importance to OSF of shared financial information, wherein financial information and data generated by the operations of the Ottawa Facilities and Services become part of the common OSF financial data repository. Accordingly, as of the Closing Date the Ottawa Parties shall use the Information Systems used by and serving the Ottawa Facilities and Services as needed to transmit electronically to OSF's Information System the financial data maintained in Ottawa Facilities and Services databases from time to time in accordance with communications standards and protocols compatible with OSF's Information System, which financial data shall be transmitted electronically to OSF's data repository at the times, containing the information, and in the reporting format requested by OSF. As of the Closing Date, non-financial data shall be transmitted to OSF's data repository by the means, at the times, containing the information, and in the reporting format requested by OSF. OSF and the Ottawa Parties acknowledge that, as of the Closing Date, the Information Systems serving the Ottawa Facilities and Services and OSF's Information Systems will not be interoperable. Upon implementation of the Epic Project, the data described in this Section shall be transmitted via Epic as directed by OSF.

12.7.4. **Compliance with Corporate Policies**. All Corporate Policies shall apply with respect to each Ottawa Party's governance, management and operation of the Ottawa Facilities and Services. The Ottawa Parties shall not enact any policy that conflicts with or purports to nullify the effect of a Corporate Policy without the approval of OSF.

12.7.5. **Other System Initiatives**. The Ottawa Parties shall participate, as directed by OSF, in the development and implementation of certain system-wide clinical and management programs and initiatives, such as, for example, Clinical Services Lines. The Ottawa Parties shall participate, as directed by OSF, in certain system-wide contracts, such as, for example, managed care agreements, group purchasing agreements, and clinical and administrative information technology agreements.

12.8. **Provider Agreements**. The Closing shall not affect or change the status of any Ottawa Party's participation in any Payment Program as of the Closing Date. So long as an Ottawa Party first consults with and considers the recommendations of OSF, after the Closing Date it may enter into Payment Program agreements committing the Ottawa Facilities and Services. Upon OSF's request after consultation with Ottawa, the Ottawa Parties shall enter into Payment Program agreements committing the Ottawa Facilities and Services, so long as such agreements commit OSF facilities located in two or more regions.

12.9. **Ottawa Funded Depreciation.** At Closing one-half (1/2) of the amount of Ottawa Funded Depreciation shall be retained by Ottawa and used for the support of healthcare programs and services provided by Ottawa as determined by the Ottawa Board. At Closing the other one-half (1/2) of the Ottawa Funded Depreciation shall be transferred to the Ottawa Foundation, shall be managed by the Ottawa Foundation Board in accordance with an investment policy adopted in accordance with the Ottawa Foundation Governing Documents, and, subject to the following sentence of this Section, shall be used solely for the support of new, and/or

expansion of, healthcare programs and services provided by Ottawa as approved by the Board of the Ottawa Foundation, consistent with recommendations of the Ottawa Board. Any amount of the Ottawa Funded Depreciation remaining on hand in the Ottawa Foundation after five (5) years following the Closing Date shall be transferred without restriction back to Ottawa for use for the support of the healthcare programs and services provided by Ottawa, as determined by the Ottawa Board.

12.10. **Use of Existing Funds; Future Gifts**. Subject to the Governing Documents of the Ottawa Foundation, the funds held by the Ottawa Foundation as of the Closing Date (not including the Ottawa Funded Depreciation transferred to the Ottawa Foundation pursuant to Section 12.9) may, following the Closing Date, be restricted for the support of healthcare programs and services provided by Ottawa, as the Ottawa Foundation will continue to support the charitable purposes of Ottawa. All unrestricted gifts and bequests received by Ottawa following the Closing Date shall be transferred to the Ottawa Foundation, and shall not be restricted for the support of healthcare programs and services provided by Ottawa; provided however such amounts transferred shall be used to support Ottawa's charitable purposes as set forth in the Ottawa Governing Documents, and in accordance with the Governing Documents of the Ottawa Foundation. Bequests, gifts, and endowments of the Ottawa Foundation as of the Closing Date that are restricted as to use or manner of investment shall continue to be so restricted following the Closing Date, and the Ottawa Foundation shall honor donor intent with respect thereto. The Ottawa Foundation shall honor donor intent with respect to all bequests, gifts and endowments received by the Ottawa Foundation following the Closing Date that are restricted as to use or manner of investment.

ARTICLE XIII
POST-CLOSING COVENANTS OF OSF

13.1. **Ottawa Merger, Dissolution, Consolidation**. During the ten (10) year period following the Closing Date, OSF will not take any action to sell substantially all the assets of, merge, dissolve or consolidate Ottawa, without the approval of two-thirds (2/3) of the Ottawa Board, unless OSF determines in its sole and reasonable judgment that such action is necessary: (a) to protect and preserve the tax-exempt status and public charity status of OSF and Ottawa and any tax-exempt Affiliate of OSF and Ottawa (including Federal and state income tax exemptions, property tax exemptions, and sales tax exemptions); provided the OSF Board has given a written request to the Ottawa Board to take action or refrain from taking action, which would have sufficiently protected and preserved such tax-exempt and public charity status, and the Ottawa Board has failed to promptly take such action or refrain from taking such action; (b) to comply, on behalf of any and all members of the OSF Obligated Group, with its Master Trust Indenture, Related Loan Documents, Tax Agreements, and all other covenants and agreements relating to any Obligated Group financing provided the OSF Board has given a written request to the Ottawa Board to take action or refrain from taking action, to so comply, and the Ottawa Board has failed to promptly take such action or refrain from taking such action; or (c) to comply with the moral teachings of the Roman Catholic Church, Ethical and Religious Directives, and/or Canon Law, as interpreted by the appropriate ecclesiastical authority. Notwithstanding the foregoing, OSF shall not be prohibited from entering into a transaction involving a change of control of OSF or a merger or consolidation of OSF with or into any other entity; provided the

post-closing covenants of OSF as set forth in this Agreement are honored by such successor to OSF.

13.2. **Clinical Services at Ottawa**. During the five (5) year period following the Closing Date, OSF shall not close any program or service of Ottawa in effect on the Closing Date without the recommendation of two-thirds (2/3) of the members of the Ottawa Board; provided, however, that this covenant shall only apply during the first year following the Closing Date with respect to inpatient and outpatient behavioral healthcare programs and services.

13.3. **Capital and Other Financial Commitments**. OSF shall fund capital requirements identified in the capital budgets of Ottawa, as approved by OSF in accordance with OSF's capital allocation policies and procedures, in order to sustain and enhance the delivery of high quality health care services in the Ottawa service area. In addition, OSF shall fund capital and cash flow requirements for the Epic Project. Except as a consequence of actions taken pursuant to Sections 2.1 or 13.1 herein, OSF shall not for a period of ten (10) years from the Closing Date transfer or cause a transfer of Ottawa Funded Depreciation to OSF or to other Members of the OSF Obligated Group.

13.4. **WARN Act**. OSF shall retain for a period of ninety (90) days following the Closing Date such number of employees of the Ottawa Parties as shall be necessary to avoid any potential liability by the Ottawa Parties for a violation of the WARN Act, attendant to the failure of an Ottawa Party to notify such employees of a "mass layoff" or "plant closing" (as such terms are defined in the WARN Act). OSF shall be liable and responsible for any notification required under the WARN Act (or under any similar state or local laws).

ARTICLE XIV
JOINT POST-CLOSING COVENANTS

14.1. **Integration of Clinical and Non-Clinical Operations**. OSF and the Ottawa Parties understand and agree that integration of the clinical and non-clinical operation and management of the Ottawa Parties into the OSF System is expected to present opportunities for beneficial cost savings, improved service, and operating efficiencies. Upon and after the Closing Date, OSF and the Ottawa Parties shall review the operations of the Ottawa Facilities and Services and the Ottawa Parties shall take such actions as OSF determines appropriate to integrate such clinical and non-clinical operations.

14.2. **Medical Staff**. The Closing shall not affect or change the medical staff status or clinical privileges held by members of the medical staff of Ottawa on the Closing Date or any agreements with members of the medical staff, whether the physicians be employed or contracted; provided, however, that practitioners shall not be permitted to exercise any clinical privileges that contravene the Ethical and Religious Directives; and provided further that any statements in this Section shall not be deemed to preclude Ottawa from amending or adopting new medical staff bylaws, rules, or regulations following the Closing Date consistent with the approval processes set forth therein and establishing new procedures consistent with customary practices of Ottawa. The consummation of the Affiliation shall not result in a need for any reapplications of current members of Ottawa's medical staff, except as otherwise required by Ottawa's medical staff bylaws with respect to expiration of medical staff appointments or

credentials. Prior to and after the Closing Date, the OSF corporate office and OSF service line CEOs shall work with the medical staff of Ottawa to evaluate and, where feasible, pursue opportunities for medical staff/clinical integration to establish one standard of clinical quality in order to improve the quality of care and to improve access to care.

14.3. **Employment of Ottawa and OSF Employees**. As of the Closing Date, employees of the Ottawa Parties in good standing as of the Closing Date, other than Robert Chaffin, shall continue to be employed following the Closing Date by the same Ottawa Party. Nothing herein is intended to restrict the right of an Ottawa Party to terminate any employee or engage in staff reductions or consolidations prior to, on, or following the Closing Date (to the extent such actions are consistent with the then current applicable staff reduction and severance policies and procedures, any collective bargaining and other employment agreements, and Applicable Law).

14.4. **Employed Physicians**. As of the Closing Date, the employment agreements of all physicians presently employed by the Ottawa Parties shall be honored by the Ottawa Parties, provided no employed physician shall be permitted to perform any procedures or provide any service in the scope of employment in violation of the Ethical and Religious Directives. All physicians employed by the Ottawa Parties as of the Closing Date shall report to the Ottawa CEO and the chief executive officer of OSF Medical Group.

14.5. **OSF Medical Group**. Following the Closing Date, those physicians employed by the Ottawa Parties shall, at the direction of OSF join the OSF Medical Group, an operating division of OSF, or one or more other entities organized by OSF as physician practices. As of the Closing Date, the Ottawa Parties shall cause the physicians employed by the Ottawa Parties to participate in OSF quality programs and other OSF quality initiatives on the same basis as other physicians aligned with OSF.

14.6. **Independent Physicians**. All agreements for professional and administrative services between independent physicians and the Ottawa Parties shall continue to operate as effective agreements following the Closing Date, provided all such services shall comply with the Ethical and Religious Directives.

ARTICLE XV
TERMINATION

15.1. **Termination Upon Certain Events**. OSF or Ottawa may, at or prior to the time set for Closing, terminate this Agreement under any one of the following circumstances:

15.1.1. **Legal Proceeding**. If at the time of Closing: (a) a *bona fide* action or proceeding shall be pending against any Party wherein an unfavorable judgment, decree or order would prevent or make unlawful the carrying out of the transactions contemplated by this Agreement; or (b) any governmental agency shall have notified any Party of its position that the consummation of the transactions contemplated herein would constitute a violation of Applicable Law and that it has commenced or intends to commence proceedings to restrain the consummation of the transactions contemplated herein, and such agency has not withdrawn such notice prior to such termination;

provided however, that no Party may without the written agreement of the other Party terminate this Agreement because of the absence of approval of the transaction by the United States Department of Justice or the Federal Trade Commission; or

15.1.2. **Conditions Precedent to Closing**. If the conditions of this Agreement to be complied with or performed by any other Party at or before the Closing shall not have been complied with or performed on or before the Closing Date or such later date upon which the Parties shall mutually agree, and such noncompliance or nonperformance shall have not been waived by the Party giving notice of termination; or

15.1.3. **Material Adverse Change**. If at any time prior to the Closing, there has been a Material Adverse Change to the businesses of the Ottawa Parties or OSF, as applicable, and such change shall have not been waived by the Party giving notice of termination; or

15.1.4. **Schedules and Exhibits**. A Party, in its sole discretion, determines that it should not consummate the transactions contemplated by this Agreement because of any information contained in a Schedule or Exhibit required under this Agreement that is delivered to such Party after the Execution Date (in accordance with the process set forth in Section 11.4); or

15.1.5. **Closing Date Deadline**. If, for any reason, the Closing shall not have occurred on or before April 30, 2013.

15.2. **Effect of Termination**. If there has been a termination under Section 15.1, this Agreement shall be deemed terminated, and all further obligations of the Parties hereunder shall terminate, except those obligations specifically identified in this Agreement as surviving termination. Any termination under Section 15.1 shall be without liability to the Parties, except that such termination shall be without prejudice to the rights and remedies which any Party seeking to terminate this Agreement may have if (a) a default shall be made by any other Party in the observance or in the due and timely performance by such Party of any of the covenants herein contained; or (b) there shall have been a breach by such other Party of any of the warranties and representations herein contained, and except for fraudulent acts by a Party, the remedies for which shall not be limited by this Agreement. Notwithstanding anything to the contrary, if a Party shall have made such default or breach, the other Parties need not terminate this Agreement but may seek to specifically enforce the defaulting or breaching Party's obligations hereunder.

ARTICLE XVI
GENERAL PROVISIONS

16.1. **Closing Date Representations and Warranties**. The Ottawa Parties, and OSF, shall be deemed to have remade all of their representations and warranties contained in this Agreement on the Closing Date with the same effect as if originally made on the Closing Date.

16.2. **No Shop Clause**. The Ottawa Parties agree that, from and after the Execution Date of this Agreement until the earlier to occur of the Closing or the termination of this Agreement, the Ottawa Parties will not, without the prior consent of OSF, explore, meet, discuss,

negotiate, directly or indirectly, or enter into an agreement with any third party for the purpose of discussing, organizing, formulating, designing, developing, investing in or implementing an arrangement that could lead to a change in control, sale of equity, lease of assets, sale of assets, joint operating agreement/joint operating company, merger, consolidation, liquidation, academic affiliation or any other business relationship similar to the transactions contemplated by this Agreement. The Ottawa Parties shall promptly notify OSF by telephone and thereafter confirm in writing, if any such discussions or negotiations are sought to be initiated with any Ottawa Party or any such proposal or possible proposal is received directly or indirectly by any Ottawa Party. In the event an Ottawa Party or any of its representatives receives an unsolicited offer relating to a type of transaction described above, the Ottawa Party shall promptly inform the person or organization making such unsolicited offer of the existence of the restrictions of this Section 16.2, but not the other contents of this Agreement (including OSF's identity unless such disclosure has been previously made to the public by joint press releases or filing with a governmental agency), and the Ottawa Parties shall reject such offer.

16.3. **Performance of Undertakings**. The Parties agree that the standard that shall apply to the Parties' performance of all covenants and undertakings contained in this Agreement and in any and every document executed and delivered hereunder is a commercially reasonable standard. OSF agrees that following the Closing Date, in the event a majority of the Ottawa Community Board Members determines by vote that OSF has failed to fulfill one or more of its post-closing commitments, as provided in Article XIII and Article XIV, then the Ottawa Community Board Members shall have the right and opportunity to present such matter(s) to the OSF CEO. In the event the OSF CEO does not respond to the Ottawa Community Board Members within twenty (20) business days, or in the event a majority of Ottawa Community Board Members do not by vote otherwise reasonably agree with such response, then a majority of the Ottawa Community Board Members may, by vote, at its option, report to the OSF Board on the matter(s) addressed to the OSF CEO, and the OSF Board will give a written response to the Ottawa Community Board Members within thirty (30) business days from receipt of the Ottawa Community Board Members' report, which response shall state the OSF Board's conclusion on the reported matter(s).

16.4. **Consummation of Transactions**. The Parties shall use, and cause their Affiliates to use, commercially reasonable efforts to consummate the transactions contemplated by this Agreement by April 30, 2012, and shall take, or cause their Affiliates to take, no action which is inconsistent with its obligations hereunder or which could materially delay the consummation of the transactions contemplated hereby.

16.5. **Notices**. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (b) if sent designated for overnight delivery by nationally recognized overnight air courier (such as Federal Express, UPS or DHL), one (1) Business Day after mailing; (c) if sent by facsimile transmission or electronic mail before 5:00 p.m. (sender's time) and receipt is confirmed through a delivery report, upon delivery; (d) if sent by facsimile transmission or electronic mail after 5:00 p.m. (sender's time) and receipt is confirmed through a delivery report, on the following Business Day; and (e) if otherwise actually personally delivered, when delivered, provided that such notices, requests, demands and other communications are delivered

to the addresses set forth below, or to such other address as any Party shall provide by like notice to the other Parties:

An Ottawa Party:	Robert Chaffin President and Chief Executive Officer Ottawa Regional Hospital & Healthcare Center 1800 East Norris Drive Ottawa, IL 61350 Fax: (815) 431-5000 Email: rchaffin@ottawaregional.org
with a simultaneous copy to:	Douglas B. Swill Drinker Biddle & Reath, LLP 191 N. Wacker Drive – Suite 3700 Chicago, IL 60606-1698 Fax: (312) 569-3270 Email: Douglas.Swill@dbr.com
OSF:	Kevin D. Schoeplein Chief Executive Officer OSF Healthcare System 800 N.E. Glen Oak Avenue Peoria, IL 61603 Fax: (309) 655-6869 Email: kevin.d.schoeplein@osfhealthcare.org
and:	Vance C. Parkhurst Senior Vice President, Legal Services OSF Healthcare System 800 N.E. Glen Oak Avenue Peoria, IL 61603 Fax: (309) 655-6869 Email: vance.c.parkhurst@osfhealthcare.org
with a simultaneous copy to:	Stephen T. Moore, Esq. Hinshaw & Culbertson LLP 100 Park Avenue Rockford, IL 61101 Fax: (815) 490-4901 Email: smoore@hinshawlaw.com

16.6. **Cost of Transaction**. Each Party shall be responsible for and bear all of its own respective costs and expenses, including without limitation expenses of its legal counsel, accountants and other representatives, incurred at any time in connection with pursuing the Affiliation. However, if the Parties agree to oppose a legal challenge which may be made to the Affiliation and enter into a joint defense agreement related thereto, then legal fees and expenses incurred by the Parties relating to a challenge, if any, will be borne fifty percent (50%) by OSF

and fifty percent (50%) by Ottawa. In addition, the Parties shall share equally the fees charged by any governmental agency in connection with notices or other filings as may be required under the HSR Act, and the fees and costs of consultants retained by or for the Parties with the consent and approval of both Parties. OSF shall pay any fees associated with the certificate of exemption or certificate of need process with the IHFSRB.

16.7. **Reimbursement of Costs**. If a Party brings an action for breach of the provisions of this Agreement, the prevailing party in such action, on trial or appeal, shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court.

16.8. **No Brokerage**. The Parties represent to each other that no broker has in any way been contacted in connection with the transactions herein contemplated. Each Party agrees to indemnify the other Parties from and against all loss, cost, damage or expense arising out of claims for fees or commissions of brokers employed or alleged to have been employed by such indemnifying Party.

16.9. **Non-Assignment**. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns and legal representatives, but no Party may assign its rights in this Agreement or delegate its duties under this Agreement to a third party by any means without first obtaining the prior written consent of the other Parties.

16.10. **No Third Party Beneficiaries**. Except as expressly set forth herein, this Agreement shall not confer any rights or remedies upon any Person or other third party other than the Parties and their respective successors and permitted assigns.

16.11. **Third Party Authorizations**. From the Execution Date to the Closing Date, each of the Parties shall use commercially reasonable efforts to obtain expeditiously all consents, authorizations and other approvals of third parties necessary for the valid execution, delivery and performance of this Agreement by the Party.

16.12. **Consents, Approvals and Discretion**. Except as herein expressly provided to the contrary, whenever this Agreement requires any consent or approval to be given by a Party or a Party must or may exercise discretion, the Parties agree that such consent or approval shall not be unreasonably withheld or delayed and such discretion shall be reasonably exercised.

16.13. **Additional Assurances**. The provisions of this Agreement shall be self operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the request of a Party, the other Party or Parties shall execute such additional instruments and take such additional actions as the requesting Party may deem necessary to effectuate this Agreement. Additionally, each Party shall cooperate and use commercially reasonable efforts to have its present directors, officers and employees cooperate with one or more of the other Parties on and after Closing in furnishing information, evidence, testimony and other assistance in connection with any action, proceeding, arrangement or dispute of any nature with respect to matters pertaining to all periods prior to Closing in respect of the items subject to this Agreement; provided that each Party shall pay the reasonable out of pocket costs incurred by its respective directors, officers and employees.

16.14. **Severability**. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable, in whole or in part, for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of any remaining provision of this Agreement, which shall be and remain in full force and effect, and binding and enforceable in accordance with its terms.

16.15. **Applicable Law**. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Illinois; provided, however, that the conflicts of law principles of the State of Illinois shall not apply to the extent they would operate to apply the laws of another state. The Parties hereby consent to the jurisdiction of Illinois courts located in Peoria County over all matters relating to this Agreement.

16.16. **Headings; Cross References**. Headings of Articles and Sections in this Agreement and the table of contents hereof are solely for convenience or reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Unless indicated otherwise, references in this Agreement to Articles, Sections, Schedules and Exhibits are to articles, sections, schedules and exhibits of this Agreement.

16.17. **Construction**. Each Party has engaged separate independent legal counsel and independent advisors to provide advice and guidance to such Party. This Agreement and all documents or instruments delivered pursuant hereto shall be construed without regard to the identity of the person who drafted the various provisions of the same. Each and every provision of this Agreement and such other documents and instruments shall be construed as though the Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting Party shall not be applicable to this Agreement.

16.18. **Waiver of Terms**. The failure of any Party to insist, in any one or more instances, on performance of any of the terms, covenants and conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or thereunder or of the future performance of any such term, covenant or condition, but the obligations of the Parties with respect thereto shall continue in full force and effect. A waiver by one Party of the performance of any covenant, condition, representation or warranty of the other Party shall not invalidate this Agreement, nor shall such waiver be construed as a waiver of any other covenant, condition, representation or warranty. A waiver by any Party of the time for performing any act shall not constitute a waiver of the time for performing any other act or the time for performing an identical act required to be performed at a later time.

16.19. **Survival of Agreements, Representations**. All warranties, representations, agreements and covenants made by a Party herein, or in any certificate or other instrument required to be delivered by or on behalf of a Party in connection with this Agreement, shall survive the Closing under this Agreement regardless of any investigation made by any Party or information about any breach known to any Party prior to the Closing; shall continue in full force and effect; and shall provide a basis for remedies available to the non-breaching Party. No representation or warranty contained herein shall be deemed to have been waived, affected or impaired by any investigation made by or knowledge of any Party to this Agreement. All statements in any certificate or other instrument delivered at or in connection with the Closing

shall constitute representations and warranties. Each agreement, covenant, representation, and warranty contained herein is independent of all other agreements, covenants, representations, and warranties contained herein (whether or not covering an identical or a related subject matter) and must be independently and separately complied with and satisfied. Exceptions or qualifications to any agreement, covenant, representation, or warranty contained herein shall not be construed as exceptions or qualifications to any other agreement, covenant, warranty, or representation.

16.20. **Counterparts; Signatures**. The Parties agree that this Agreement may be executed in multiple originals, each of which shall be considered an original for all purposes and, collectively, shall be considered to constitute this Agreement. The Parties further agree that signatures transmitted by facsimile or in Portable Document Format (pdf) may be considered an original for all purposes, including, without limitation, the execution of this Agreement and enforcement of this Agreement.

16.21. **Time is of the Essence**. Time is hereby expressly made of the essence with respect to each and every term and provision of this Agreement and any other agreements determined by the Parties to be necessary or appropriate to be entered into in connection with the transactions contemplated by this Agreement.

16.22. **Access to Records and Information**. If and to the extent applicable to this Agreement and to any agreement contemplated hereunder or entered into pursuant hereto between or among the Parties, the Parties agree to comply with the requirements of Public Law 96-499, Section 952 (Section 1861(v)(1)(1) of the Social Security Act) and regulations promulgated thereunder.

16.23. **Cooperation**. The Parties shall cooperate and use commercially reasonable efforts to obtain as promptly as possible all consents, approvals and agreements of, and to give and make as promptly as practicable all notices and filings with, any governmental and regulatory authorities necessary to authorize, approve, or permit the consummation of the transactions contemplated herein. In the event the Closing is scheduled to occur prior to the completion of the audit of the Ottawa Parties' financial statements for the 2010 Fiscal Year, the Ottawa Parties shall cooperate in the preparation of interim financial statements for the Ottawa Parties in order to facilitate the Plan of Finance.

16.24. **Communications**. The Parties shall promptly advise the other Parties of all material communications received by a party pertaining to the transactions contemplated by this Agreement, including such communications which it receives from governmental agencies or authorities.

16.25. **Publicity**. Except as required by law, all press releases or other public communications of any sort regarding the transactions contemplated herein, and the method of the release for publication thereof, will be subject to the approval of all Parties, such approval shall not be unreasonably withheld.

16.26. **Entire Agreement; Amendment**. This Agreement, including all Schedules and Exhibits required hereunder, supersedes all previous agreements, oral or written, and constitutes the entire agreement among the Parties respecting the subject matter of this Agreement, and no

Party shall be entitled to benefits other than those specified herein. Each Exhibit and Schedule referenced in this Agreement shall be considered a part hereof as if set forth herein in full. As among the Parties, oral statements or prior written materials which are not specifically incorporated herein shall not be of any force and effect. The Parties specifically acknowledge that in entering into and executing this Agreement, the Parties rely solely upon the representations and agreements contained in this Agreement and no others. This Agreement may be amended or modified only by an agreement in writing signed by all the Parties.

ARTICLE XVII
GLOSSARY

17.1. **Glossary**. For convenience, set forth below is a glossary of defined terms used in this Agreement:

17.1.1. "**Accreditations**" means accreditations by various accreditation organizations, including, without limitation, The Joint Commission.

17.1.2. "**Additional Indebtedness**" means any Indebtedness incurred by a Member of the OSF Obligated Group on or after the Closing Date.

17.1.3. "**Affiliate**" means any entity which is under the Control of, or which is under common Control with, the subject entity.

17.1.4. "**Affiliation**" means the corporate affiliation whereby the Ottawa Parties become part of OSF in order to create an integrated health care delivery system.

17.1.5. "**Agreement**" means this Affiliation Agreement among the Parties.

17.1.6. "**Amended Document**" or "**Amended Documents**" means one or more amended Schedules or Exhibits delivered by an Amending Party.

17.1.7. "**Amending Party**" means OSF or Ottawa, as the case may be, when delivering an Amended Document or Amended Documents.

17.1.8. "**Applicable Law**" means all applicable Federal, state and local laws, statutes, ordinances, rules, regulations, codes and any judgment, decree, order, writ or injunction of any court or regulatory authority.

17.1.9. "**Board**" means the board of directors of OSF or an Ottawa Party.

17.1.10. "**Business Day**" means any day excluding Saturday, Sunday and any day that is a legal holiday in the State of Illinois.

17.1.11. "**Canon Law**" means the Code of Canon Law of the Roman Catholic Church.

17.1.12. "**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act, as amended.

17.1.13. "**Clinical Service Lines**" means those clinical services provided by OSF and its Affiliates and Ottawa and its Affiliates which are now and in the future will be organized across the OSF System and managed centrally in order to promote clinical consistency, broad geographic access, and operational efficiencies.

17.1.14. "**Closing**" means the delivery of the documents required to be delivered on the Closing Date by the respective Parties.

17.1.15. "**Closing Date**" means (a) the Business Day established for closing of the financing transactions described in the Plan of Finance, following receipt of all regulatory approvals and satisfaction of all conditions precedent to Closing set forth herein; or (b) such other date agreed to by the Parties following the receipt of all regulatory approvals and satisfaction of all conditions precedent to Closing set forth herein, with the transaction to be effective at 12:01 a.m., Central Standard Time or Central Daylight Time, as applicable, on such date.

17.1.16. "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

17.1.17. "**Code**" means the Internal Revenue Code of 1986, as amended.

17.1.18. "**Compliance Program**" means provider programs of the type described in the compliance guidance published by the Office of Inspector General of the Department of Health and Human Services.

17.1.19. "**Confidentiality Agreement**" means the Confidentiality and Standstill Agreement by and between OSF and Ottawa, dated July 8, 2010, as amended, and agreed to by OSF and Ottawa in the Letter of Intent.

17.1.20. "**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.

17.1.21. "**Corporate Office**" means the central corporate office of OSF.

17.1.22. "**Corporate Office Services**" means the services provided by the Corporate Office, as modified by the Corporate Office from time to time, including but not limited to care management, compliance and privacy, decision support services, employer services, engineering, finance and accounting, government relations, human resources, information technology including data warehousing and analytics, insurance, legal services, managed care contracting, marketing and communications, mission integration, nursing administration, performance improvement, quality improvement, strategic effectiveness, supply chain management, and supportive care.

17.1.23. "**Corporate Policies**" means the system-wide policies adopted, modified and repealed from time to time by the OSF Board for the governance and administration of OSF and its facilities, services, and operations, including but not limited to human resources, supportive care, nursing care policies, and all policies

contained in the OSF Corporate Administrative Manual, including the Compliance and Information Security HIPAA Policies.

17.1.24. "**Debt Transaction**" shall have the meaning set forth in Section 17.1.60(l).

17.1.25. "**Environmental Law**" means all Federal, state or local statutes and ordinances, and all rules and regulations promulgated thereunder, common law, orders, consent decrees, permits, and binding judicial and administrative interpretations thereof, pertaining or relating to: (a) natural resources and the environment; (b) public and worker health, safety and welfare; and (c) the identification, assessment, reporting, generation, manufacture, processing, distribution, use, treatment, storage, disposal, emission, discharge, release, transport or other handling of any Hazardous Substances, including, without limitation, CERCLA and RCRA; and (d) conditions caused by such activities relating to Hazardous Substances.

17.1.26. "**Epic Project**" means the purchase and installation of an enterprise-wide, integrated Epic electronic medical record system, (including interfaces and hardware currently in production at other OSF hospital facilities, as needed in connection with the Epic Project) to comprise an integrated inpatient and ambulatory electronic medical record system (*i.e.*, the paperless chart), picture archiving and communication system, laboratory system, billing systems for ambulatory and hospital, MyChart, Enterprise Resource Planning (general ledger, fixed assets, human resources, payroll and supply chain), and other Epic-related and third-party vendor systems in Ottawa acute and ambulatory care settings (including physician offices), over an approximate five (5) year period following the Closing Date.

17.1.27. "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

17.1.28. "**ERISA Affiliate**" means any employer that is treated as a single employer with any Ottawa Party, as applicable, under Section 414 of the Code.

17.1.29. "**Ethical and Religious Directives**" means the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the United States Conference of Catholic Bishops, as interpreted and applied by OSF.

17.1.30. "**Execution Date**" means January 11, 2012.

17.1.31. "**Facilities**" means all land, leasehold interests, and buildings and all fixtures and equipment (as defined in the Illinois Uniform Commercial Code or equivalent statute) of a Person.

17.1.32. "**Fiscal Year**" means: (i) with respect to the Ottawa Parties prior to the Closing Date any twelve-month period beginning on May 1 of any calendar year and ending on April 30 of such year; (ii) with respect to OSF prior to the Closing Date any twelve-month period beginning on October 1 of any calendar year and ending on

September 30 of the following calendar year; and (iii) with respect to the OSF Obligated Group and all Members thereof after the Closing Date any twelve-month period beginning on October 1 of any calendar year and ending on September 30 of the following calendar year or such other twelve-month period selected by the Group Representative.

17.1.33. "**FRCC**" means Fox River Cancer Center, LLC, an Illinois limited liability company.

17.1.34. "**GAAP**" means Generally Accepted Accounting Principles.

17.1.35. "**Governing Documents**" shall mean the articles of incorporation, certificate of incorporation, bylaws, partnership agreement, operating agreement or other documents by and through which a business organization is formed and governed.

17.1.36. "**Group Representative**" means OSF or such other Member of the OSF Obligated Group as is designated in a written notice delivered by all of the Members of the OSF Obligated Group to the Master Trustee.

17.1.37. "**Guaranty or Guaranties**" means all obligations of a Person guaranteeing or, in effect, guaranteeing any Indebtedness, dividend or other obligations of any Primary Obligor in any manner, whether directly or indirectly, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (1) to purchase such Indebtedness or obligation or any Property constituting security therefore; (2) to advance or supply funds: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (3) to purchase securities or either Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (4) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

17.1.38. "**Hazardous Substances**" shall mean petroleum or petroleum products, polychlorinated biphenyls, asbestos containing materials, lead-based paint, radon, radioactive materials, toxic mold or fungus of any kind or species or other microbial matter, medical wastes, and any substances, materials, chemicals, pollutants, constituents, wastes or noxious substances regulated by any Environmental Law.

17.1.39. "**Health Care Laws**" shall mean all Federal, state and local laws, statutes, rules, regulations, ordinances and codes applicable to health care providers and facilities; Federal and state health care program conditions of participation, standards, policies, rules, procedures and other requirements; and accreditation standards of any applicable accrediting organization. Health Care Laws include, without limitation, the following laws: the Federal (Title XIX of the Social Security Act) and state Medicaid programs and their implementing regulations, the Medicare Program (Title XVIII of the Social Security Act) and its implementing regulations, the Federal False Claims Act (31 U.S.C. §§3729 et seq.), the Federal Health Care Program Anti Kickback Statute (42 U.S.C. §1320a 7b(b)), the Federal Physician Self Referral Law (42 U.S.C. §1395nn), the

Federal Administrative False Claims Law (42 U.S.C. §1320a 7b(a)), HIPAA and the HIPAA Privacy Rule, the HIPAA Security Rule and the HIPAA Standards for Transactions and Code Sets (42 U.S.C. 1320d 1329d 8; 45 CFR Parts 160 and 164), the Federal Confidentiality of Alcohol and Drug Abuse Patient Records Act (42 U.S.C. 290ee 3), the Rehabilitation Act, the Americans with Disabilities Act, the Occupational Safety and Health Administration statutes and regulations for blood borne pathogens and workplace risks, and any state and local laws that address the same or similar subject matter. Health Care Laws also include Federal, state and local laws applicable to health care provider and facilities, including, without limitation, laws related to: Federal and state health care program billing, cost reporting, revenue reporting, payment and reimbursement; Federal and state health care program fraud, abuse, theft or embezzlement; procurement of health care services, human and social services, and other health related services; employee background checks and credentialing of employees; credentialing and licensure of facilities or providers of such services; zoning, maintenance, safety and operations of group homes, residential facilities and day programs, and other building health and safety codes and ordinances; certificate of need laws; state law restrictions on the corporate practice of medicine (or the corporate practice of any other health related profession); eligibility for Federal and state health care program contracting, including any requirements limiting contracting to nonprofit or tax exempt entities; patient information and medical record confidentiality, including psychotherapy and mental health records; splitting of health care fees; patient brokering, patient solicitation, patient capping, and/or payment of inducements to recommend or refer, or to arrange for the recommendation or referral of, patients to health care providers or facilities; standards of care, quality assurance, risk management, utilization review, peer review, and/or mandated reporting of incidents, occurrences, diseases and events; advertising or marketing of health care services; and the enforceability of restrictive covenants on health care providers.

17.1.40. "**HIPAA**" means the Health Insurance Portability and Accountability Act of 1996, as amended.

17.1.41. "**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act.

17.1.42. "**IHFSRB**" means the Illinois Health Facilities and Services Review Board.

17.1.43. "**Indebtedness**" means, for any Person, (a) all Guaranties of such Person, (b) all liabilities (exclusive of reserves such as those established for deferred Taxes) recorded or required to be recorded as such on the audited financial statements of such Person as of the end of the then most recent Fiscal Year for which financial statements reported upon by independent certified public accountants are available and (c) all obligations for payment of money incurred or assumed by such Person (i) due and payable in all events or (ii) if incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessees, rendering of services by others or otherwise, and shall include, without limitation, Non-Recourse

Indebtedness; provided that Indebtedness shall not include Indebtedness of one Member of the OSF Obligated Group to another Member of the OSF Obligated Group, any Guaranty by any Member of the OSF Obligated Group of Indebtedness of any other Member of the OSF Obligated Group, the joint and several liability of any Member of the OSF Obligated Group on Indebtedness issued by another Member of the OSF Obligated Group, Interest Rate Agreements or any obligation to repay moneys deposited by patients or others with a Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds by or on behalf of such residents.

17.1.44. "**Information System(s)**" means both computer hardware and software applications based on mainframe, mini, personal or hand held computers generally connected through a network and designed to provide access to and management of a health care organization's financial and clinical information.

17.1.45. "**Institutional Review Board**" means a specially constituted review body established or designated by an entity to protect the welfare of human subjects recruited to participate in biomedical or behavioral research.

17.1.46. "**Insurance Policies**" means binders and policies of insurance maintained by the Ottawa Parties, under which an Ottawa Party is a named insured or that otherwise insure assets used primarily in connection with the operation of the Ottawa Parties.

17.1.47. "**Intellectual Property**" means material trademarks, service marks, trade names, patents, copyrights, and applications therefore (whether registered or common law) currently owned or used by the Ottawa Parties.

17.1.48. "**Interest Rate Agreement**" means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer's Certificate of the Obligated Group Agent delivered to the Master Trustee as having been entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar).

17.1.49. "**IRS**" means the Internal Revenue Service.

17.1.50. "**Joint Commission**" shall mean The Joint Commission.

17.1.51. "**Key Management Personnel**" means: (a) with respect to any Ottawa Party, the directors, chief executive officer, chief operating officer, chief financial officer, and department director level and above employees of any Ottawa Party; or (b) with respect to OSF, directors and vice-president level and above employees of OSF.

17.1.52. "**Knowledge**", "**known**", "**knowingly**", "**to the Knowledge**" or any variant thereof shall, when qualifying any representation, warranty or other statement in this Agreement, means: (i) all information of which Key Management Personnel of any Party is actually aware; (ii) all information Key Management Personnel of any Party

could be expected to discover or otherwise become aware of in the course of conducting a reasonably comprehensive investigation concerning the existence of such information; and (iii) all information that would with reasonable diligence in the ordinary course of the performance of their normal duties come to the attention of Key Management Personnel of any Party responsible for verifying the accuracy thereof for purposes of this Agreement.

17.1.53. "**Land**" means the Ottawa Owned Real Property upon which any operations of the Ottawa Parties which are integral to the operation of their Facilities or the production of revenues by the Ottawa Parties are conducted, together with all buildings, improvements and fixtures located thereon.

17.1.54. "**Letter of Intent**" means the letter of intent between OSF and Ottawa, dated September 29, 2010.

17.1.55. "**Licenses and Permits**" means governmental licenses, permits, certificates, consents, or approvals required to own or operate the Ottawa Facilities and Services.

17.1.56. "**Local Corporate Personnel**" means personnel working in the Ottawa Facilities and Services who are employed by the Corporate Office to provide Corporate Office Services.

17.1.57. "**Master Trustee**" means Wells Fargo Bank, National Association, as successor master trustee in respect to the OSF Master Indenture or any successor master trustee hereafter appointed pursuant to the OSF Master Indenture.

17.1.58. "**Material Adverse Change**" means any condition, change, event, violation, inaccuracy, circumstance or effect that:

(a) Individually or in the aggregate, could reasonably be expected to result in: (i) liabilities with respect to Applicable Laws, including, without limitation, Health Care Laws, or Payment Programs in excess of $4,000,000, in the case of the Ottawa Parties as a whole, in excess of $40,000,000, in the case of OSF; or (ii) the inability of any of the Parties to maintain their respective Code Section 501(c)(3) status; (iii) the inability of any of the Parties' entities that operates as a licensed health care facility as of the execution of this Agreement to continue to operate as such licensed health care facility; or (iv) the debarment or exclusion of any entity from participation in the Medicare or Medicaid programs; or

(b) Could reasonably be expected to result in a change during any rolling 12 month period, in the assets, results of operation or the financial condition of the Ottawa Parties, taken as a whole, or OSF: (i) as to any reduction in the total net assets of such entities in an amount in the aggregate greater than five (5) percent of such entities' aggregate total net assets as reflected on the respective Parties' interim unaudited balance sheet for the initial month of the 12 month period; or (ii) as to any change in the financial condition of such entities,

taken as a whole, has resulted in or is reasonably likely to result, on a normalized basis (*i.e.*, after taking into account whether the effects of such change or event are reasonably likely to continue over such period), in a reduction in earnings before deductions for interest, Taxes, depreciation and amortization of such entities, taken as a whole, over the 12 month period ending in the month in which the change or event occurs, in an amount greater than five (5) percent of such entities' aggregate total net assets (as reflected on the respective Parties' interim unaudited balance sheets for the initial month of that 12 month period); or

(c) With respect to Ottawa, results in more than twenty percent (20%) of all employed physicians giving notice of termination or non-renewal of their respective employment agreements with the Ottawa Parties prior to the Closing Date; or

(d) Notwithstanding anything to the contrary, "Material Adverse Change" shall not include: (i) changes in the financial or operating performance due to or caused by the announcement of the transactions contemplated by this Agreement or seasonal changes; (ii) changes or proposed changes to any Applicable Law, reimbursement rates or policies of governmental agencies or bodies that are generally applicable to hospitals or health care facilities; (iii) requirements, reimbursement rates, policies or procedures of third party payors or accreditation commissions or organizations that are generally applicable to hospitals or health care facilities; (iv) general business, industry or economic conditions, including such conditions related to the business of the Ottawa Parties, taken as a whole, or OSF, that do not disproportionately affect the applicable entities; (v) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack, that do not disproportionately affect the Ottawa Parties, taken as a whole, or OSF; (vi) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index) that do not disproportionately affect the Ottawa Parties, taken as a whole, or OSF; or (vii) changes in GAAP.

17.1.59. "**Material Consents**" means any consents, approvals or authorizations of third parties required for the consummation of the transactions contemplated or required by this Agreement, as set forth on Schedule 17.1.59, including but not limited to the approval by the members of Ottawa, pursuant to Ottawa's Governing Documents, of the Affiliation and the amendment and restatement of Ottawa's Governing Documents in the forms attached hereto as Exhibit A.

17.1.60. "**Material Contracts**" means the following contracts, leases (capital and operating), and other agreements entered into by or on behalf of any one or more of the Ottawa Parties which are in effect and involve a material aspect of the operations of such entity, as applicable:

(a) any management contracts whereby any Ottawa Party or any of its officers or employees provide management services to other hospitals, educational, or other healthcare institutions with (1) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(b) all management or consulting agreements with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(c) all service contracts, shared service agreements, joint purchasing agreements, or similar agreements with (i) a dollar value or liability greater than (or expected to be greater than) $500,000 , in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(d) all leases of space and/or equipment with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(e) all agreements for the sale or acquisition of capital assets involving assets of more than $500,000 in the aggregate;

(f) all construction agreements with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(g) all service agreements, maintenance agreements and warranties with respect to assets of any Ottawa Party with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(h) all installment payment agreements with (1) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(i) all agreements with third party administrators with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(j) all supply agreements with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(k) all collection agency, brokers' or finders' agreements with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(l) all debt, bond, credit, mortgage, pledge, or other lien or encumbrance agreements and all documents evidencing negative pledges or other covenant or transfer restrictions on the assets of any Ottawa Party, with (i) a dollar value or liability greater than (or expected to be greater than) $1,000,000, in the aggregate; (ii) a term of greater than one (1) year and payments in excess of $250,000 annually; or (iii) covenants in excess of those in the Series 2008 Variable Rate Revenue Bonds from the Illinois Finance Authority and the Series 2008-1 Direct Note Obligation to JP Morgan Chase, National Association (a "**Debt Transaction**");

(m) all leases of real property in which any Ottawa Party is either a lessor or lessee, including, without limitation, all agreements pursuant to which any department of any Ottawa Party is operated under a lease arrangement, with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually;

(n) all joint venture agreements or shareholder agreements to which any Ottawa Party is a party or involving any Ottawa Party's program or operations;

(o) all agreements with physicians or any source of patient referrals, including allied health professionals or other professional personnel (excluding any agreements entered into in the ordinary course of business with at-will employees), corporations or partnerships comprised of or owned by them or the relatives of any of them that cannot be terminated without cause or penalty upon one hundred twenty (120) or fewer days, including, without limitation, all employment agreements, contracts to provide administrative or professional services, recruitment, retention, relocation or income guarantee agreements, loans and guarantees, and acquisitions of private professional practices or their assets (each a "**New Physician Contract**");

(p) all agreements or commitments related to physician hospital organizations (PHOs), medical services organizations (MSOs), physician networks, community care networks, integrated delivery networks, or other health care delivery systems or networks;

(q) all agreements (excluding any agreements entered into in the ordinary course of business with at-will employees) for employment, indemnity, retention, severance, change-in-control, employee lease, deferred compensation, or incentive compensation with, and agreements regarding loans or advances to, Key Management Personnel of any Ottawa Party;

(r) all Payment Program contracts with a term of greater than one (1) year and payments in excess of $125,000 annually;

(s) all Insurance Policies, trust agreements and other related agreements, including, without limitation, stop-loss and self insurance arrangements, with (i) premium payments greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually (excluding renewals of existing polices at the normal renewal date and with the same or substantially similar terms);

(t) license and sublicense agreements with respect to any computer software with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually; and

(u) any other agreement with (i) a dollar value or liability greater than (or expected to be greater than) $500,000, in the aggregate; or (ii) a term of greater than one (1) year and payments in excess of $125,000 annually.

17.1.61. "**Member**" or "**Members**" refers to the members of the OSF Obligated Group.

17.1.62. "**National Priorities List**" means the USEPA's list of the most serious uncontrolled or abandoned hazardous waste sites identified for possible long-term remedial action under CERCLA, which is updated each year.

17.1.63. "**New Physician Contract**" shall have the meaning set forth in Section 17.1.60(o).

17.1.64. "**Non-Recourse Indebtedness**" means any Indebtedness the liability for which is effectively limited to Property, Plant and Equipment (other than the Land) and the income therefrom not less than 80% of the cost of which Property, Plant and Equipment shall have been financed solely with the proceeds of such Indebtedness with no recourse, directly or indirectly, to any other Property of any Member.

17.1.65. "**Obligated Group Agent**" means the Group Representative.

17.1.66. "**Obligations**" means any evidence of Indebtedness or evidence of any repayment obligation under an Interest Rate Agreement issued on or after the Closing Date which is authorized to be issued by a Member pursuant to the OSF Master Indenture and which has been authenticated by the Master Trustee pursuant to the OSF Master Indenture.

17.1.67. "**Officer's Certificate**" means a certificate signed, in the case of a certificate delivered by a corporation, by the President or any Vice-President (or such other officer of the corporation holding an office described in the corporate bylaws or other organizing documents of such corporation and having authority to bind the corporation) or, in the case of a certificate delivered by any other Person, the chief

executive or chief financial officer of such other Person, in either case whose authority to execute such Certificate shall be evidenced to the satisfaction of the Master Trustee.

17.1.68. "**OR Cardinal Sleep**" means Ottawa Regional Cardinal Sleep Center, LLC, an Illinois limited liability company.

17.1.69. "**OR DME**" means Ottawa Regional DME LLC, an Illinois limited liability company.

17.1.70. "**ORHA**" means Ottawa Regional Healthcare Affiliates, Inc., an Illinois corporation.

17.1.71. "**ORMC**" means Ottawa Regional Medical Center, Inc., an Illinois corporation.

17.1.72. "**OSF**" means OSF Healthcare System, an Illinois not-for-profit corporation.

17.1.73. "**OSF Audited Financial Statements**" means audited consolidated financial statements of OSF for the two (2) Fiscal Years ended immediately prior to the Execution Date, for which audited financial statements are available.

17.1.74. "**OSF CEO**" means the chief executive officer of OSF.

17.1.75. "**OSF Closing Documents**" means:

(a) A certificate of the President of OSF, dated as of the Closing Date, certifying as to the continued accuracy and completeness of representations and warranties of OSF, and its performance of the covenants and conditions precedent, set forth in this Agreement;

(b) A certificate of the Chief Financial Officer of OSF, dated as of the Closing Date, certifying as of the date thereof, as to the accuracy of the financial representations and warranties relating to OSF set forth at Section 6.7;

(c) A certificate of the Secretary of OSF, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the resolutions of the OSF Board approving the actions and transactions required or contemplated by this Agreement;

(d) All documents required to be delivered by OSF for closing of the financing transactions described in the Plan of Finance;

(e) An opinion from counsel to OSF, dated as of the Closing Date, in form and substance satisfactory to the Ottawa Parties, to the effect that:

(1) OSF is duly organized, validly existing, and in good standing under the laws of the State of Illinois. OSF has the corporate

power and authority to execute, deliver, and perform the Agreement and all other agreements contemplated thereby;

(2) The Board or other governing body of OSF and its officers have been duly and properly elected and all actions related to the transactions contemplated by the Agreement and which require Board approval have been taken pursuant to proper and valid Board action;

(3) The Agreement has been duly authorized, executed, and delivered by OSF and, assuming due authorization, execution and delivery by the other parties to it, constitutes the legal, valid, and binding obligation of OSF, enforceable in accordance with its terms (subject, as to enforcement of remedies, to the discretion of courts in awarding equitable relief and to applicable bankruptcy, reorganization, insolvency, moratorium, and similar laws affecting the rights of creditors generally);

(4) The execution and delivery by OSF of the Agreement and the related agreements thereto, and the performance of its obligations thereunder, does not violate any provision of law, the Governing Documents of OSF, or, to such counsel's knowledge after due inquiry, any order of any court or other agency or government or the OSF Master Indenture;

(5) To counsel's knowledge after due inquiry, except as disclosed in the Schedules, there is no: (a) action, suit, claim, proceeding, or investigation pending or threatened against OSF at law or in equity, or before or by any Federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, or any professional licensing or disciplinary authority; (b) arbitration proceeding relating to OSF pending under collective bargaining agreements or otherwise; or (c) governmental inquiry pending or threatened against or affecting OSF (including, without limitation, any inquiry as to the qualification of OSF to hold or receive any license or permit). To counsel's knowledge, after due inquiry, OSF is not in default with respect to any order, writ, injunction, or decree of any court, or of any Federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign; and

(6) All consents, approvals, qualifications, orders, or authorizations of or filings with any governmental authority, including any court, required in connection with the valid execution, delivery, and performance by OSF of the Agreement have been duly made and obtained and are effective on and as of the Closing Date; and

(f) Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

17.1.76. "**OSF Financial Statements**" means the OSF Audited Financial Statements, the OSF Unaudited Financial Statements, and the OSF Interim Financial Statements, collectively.

17.1.77. "**OSF Interim Financial Statements**" means monthly unaudited financial statements of OSF for the immediately preceding month.

17.1.78. "**OSF Master Indenture**" means that certain Amended and Restated Master Trust Indenture dated as of September 15, 1999 between OSF and Wells Fargo Bank, National Association, as successor master trustee, as heretofore or hereafter supplemented and amended.

17.1.79. "**OSF Obligated Group**" means OSF and any other Persons who become Members pursuant to the OSF Master Indenture.

17.1.80. "**OSF System**" means the integrated health care delivery system owned and operated by OSF, as of the Execution Date consisting of: seven (7) acute care facilities; one (1) long-term care facility; two (2) colleges of nursing; a physician organization that employs more than six hundred (600) physicians and mid-level providers in over fifty (50) office locations; a home health network that provides hospice, home health, home medical equipment, home infusion pharmacy, physician house calls, private home care, a personal response system, and a diabetes supply program; other health care-related businesses; and a foundation to provide resources for community outreach; as may change from time to time.

17.1.81. "**OSF Unaudited Financial Statements**" means unaudited financial statements of OSF for the interim period from October 1, 2010, through the most recent month-end date for which financial statements were available prior to the Execution Date.

17.1.82. "**Ottawa**" means Ottawa Regional Hospital & Healthcare Center, an Illinois not-for-profit corporation.

17.1.83. "**Ottawa Audited Financial Statements**" means audited financial statements of each of the Ottawa Parties for the two (2) Fiscal Years ended immediately prior to the Execution Date, for which audited financial statements are available.

17.1.84. "**Ottawa Auxiliary**" means Ottawa Regional Hospital Auxiliary, an Illinois not-for-profit corporation.

17.1.85. "**Ottawa Benefit Plans**" means "employee welfare benefit plans" (as defined in Section 3(1) of ERISA), "employee pension benefit plans" (as defined in Section 3(2) of ERISA), and all other employee benefit plan agreements and arrangements and employee benefit policies, whether funded or unfunded, qualified or

nonqualified, subject to ERISA or not, maintained or contributed to (or required to be contributed to) by Ottawa Parties and any ERISA Affiliate for the benefit of any of its officers, employees or other persons.

17.1.86. "**Ottawa CEO**" means the chief executive officer of Ottawa.

17.1.87. "**Ottawa Closing Documents**" means:

(a) A certificate of the President of Ottawa, dated as of the Closing Date, certifying as to the continued accuracy and completeness of representations and warranties of the Ottawa Parties and their respective performance of the covenants and conditions precedent, set forth in this Agreement;

(b) A certificate of the Chief Financial Officer of Ottawa, dated as of the Closing Date, certifying as of the date thereof, as to the accuracy of the financial representations and warranties relating to the Ottawa Parties set forth at Section 5.4 and Section 5.5;

(c) A certificate of the Secretary of Ottawa, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of: (i) the resolutions of the Ottawa Board and the members of Ottawa approving the actions and transactions required or contemplated by this Agreement, including the amended and restated Ottawa Party Governing Documents; and (ii) in its capacity as member of the Ottawa Parties, the resolutions approving the amended and restated Governing Documents for the Ottawa Parties and any transactions contemplated hereunder which are required for the Ottawa Parties, pursuant to the Ottawa Governing Documents in effect as of the Execution Date, to be approved by Ottawa;

(d) A copy of the amended and restated Ottawa Party Governing Documents, as filed as of a recent date with the Secretary of State of Illinois, to be effective as of the Closing Date;

(e) Evidence of the resignations of certain officers, directors and committee members of the Ottawa Parties;

(f) Evidence of the amendment of lease agreements pursuant to Section 7.1.1(f), to be effective as of the Closing Date;

(g) Evidence of the amendment of the Ottawa medical staff bylaws, rules and regulations, and credentialing procedures pursuant to Section 10.7, to be effective as of the Closing Date;

(h) Evidence of the amendment of all physician and healthcare worker employment agreements, pursuant to Section 12.3 or adoption of a policy prohibiting the performance of any procedure or delivery of any service by an employed physician or other healthcare worker that contravenes the Ethical and

Religious Directives, pursuant to Section 12.3, to be effective as of the Closing Date;

(i) Certificates of insurance or other evidence that the Ottawa Parties' professional liability insurance will be in full force and effect following the Closing Date;

(j) All documents required to be delivered by the Ottawa Parties for entry of Ottawa and the Ottawa Foundation into the OSF Obligated Group and for closing of the financing transactions described in the Plan of Finance;

(k) An opinion from counsel to the Ottawa Parties, dated as of the Closing Date, in form and substance satisfactory to OSF, to the effect that:

(1) Each Ottawa Party is duly organized, validly existing, and in good standing under the laws of the state of Illinois, and is duly licensed or qualified to transact business in the nature of the business transacted by them. Each Ottawa Party has the corporate power and authority to own and hold its properties and to carry on its business as now conducted and as proposed to be conducted. Each Ottawa Party has the corporate power and authority to execute, deliver, and perform the Agreement and all other agreements contemplated thereby. Ottawa, Ottawa Foundation, and Ottawa Auxiliary are recognized by the IRS as Tax Exempt Organizations;

(2) The Board or other governing body of each Ottawa Party and their officers have been duly and properly elected and all actions related to the transactions contemplated by this Agreement and which require Board or member approval have been taken pursuant to proper and valid Board or member action, as applicable;

(3) The Agreement has been duly authorized, executed, and delivered by each Ottawa Party and, assuming due authorization, execution and delivery by the other parties to it, constitutes the legal, valid, and binding obligation of the Ottawa Parties, enforceable in accordance with its terms (subject, as to enforcement of remedies, to the discretion of courts in awarding equitable relief and to applicable bankruptcy, reorganization, insolvency, moratorium, and similar laws affecting the rights of creditors generally);

(4) The execution and delivery by each Ottawa Party of the Agreement and the related agreements thereto, and the performance of its obligations thereunder, does not violate any provision of law, the Governing Documents of any Ottawa Party, or, to such counsel's knowledge after due inquiry, any order of any court or other agency or government or any indenture, agreement, or other instrument to which any Ottawa Party, or any of its properties or assets are bound including, but not limited to the Ottawa Master Indenture, or, to such counsel's knowledge

after due inquiry, conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement, or other instrument to which an Ottawa Party is a party or by which it or any of its assets are bound, or, to such counsel's knowledge after due inquiry, result in the creation or imposition of any lien, charge, restriction, claim, or encumbrance of any nature whatsoever upon any of the properties or assets of the Ottawa Parties;

(5) To counsel's knowledge after due inquiry, except as disclosed in the Schedules, there is no: (a) action, suit, claim, proceeding, or investigation pending or threatened against any Ottawa Party at law or in equity, or before or by any Federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, or any professional licensing or disciplinary authority; (b) arbitration proceeding relating to any Ottawa Party pending under collective bargaining agreements or otherwise; or (c) governmental inquiry pending or threatened against or affecting any Ottawa Party (including, without limitation, any inquiry as to the qualification of any Ottawa Party to hold or receive any license or permit). No Ottawa Party is in default with respect to any order, writ, injunction, or decree of any court, or of any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign; and

(6) All consents, approvals, qualifications, orders, or authorizations of or filings with any governmental authority, including any court, required in connection with the valid execution, delivery, and performance by the Ottawa Parties of the Agreement have been duly made and obtained and are effective on and as of the Closing Date; and

(l) Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms hereof.

17.1.88. "**Ottawa CFO**" means the chief financial officer of Ottawa.

17.1.89. "**Ottawa Community Board Members**" means the "Community Board Members," as such term is defined in the Ottawa Governing Documents attached hereto as Exhibit A.

17.1.90. "**Ottawa COO**" means the chief operating officer of Ottawa.

17.1.91. "**Ottawa Facilities and Services**" means the facilities and services owned and operated by the Ottawa Parties.

17.1.92. "**Ottawa Financial Statements**" means the Ottawa Audited Financial Statements, the Ottawa Unaudited Financial Statements, and the Ottawa Interim Financial Statements, collectively.

17.1.93. "**Ottawa Foundation**" means Ottawa Regional Hospital Foundation, an Illinois not-for-profit corporation.

17.1.94. "**Ottawa Funded Depreciation**" means the reserve fund, equal to or less than the depreciation expense of Ottawa's tangible assets, as set forth in the most recent Ottawa Interim Financial Statements as of the Closing Date, established to cover the replacement cost of certain of Ottawa's tangible assets.

17.1.95. "**Ottawa Interim Financial Statements**" means monthly unaudited financial statements of the Ottawa Parties for the immediately preceding month.

17.1.96. "**Ottawa Master Indenture**" means that certain Master Trust Indenture dated as of May 1, 2004, between Ottawa and BNY Midwest Trust Company, as master trustee, as heretofore or hereafter supplemented and amended.

17.1.97. "**Ottawa Party**" means Ottawa, ORHA, Ottawa Foundation, ORMC, or OR Cardinal Sleep, as applicable.

17.1.98. "**Ottawa Parties**" means Ottawa, ORHA, Ottawa Foundation, ORMC, and OR Cardinal Sleep, collectively.

17.1.99. "**Ottawa Unaudited Financial Statements**" means unaudited financial statements of the Ottawa Parties for the interim period from May 1, 2010, through the most recent month end date for which financial statements were available prior to the Execution Date.

17.1.100. "**Owned Real Property**" means real property owned by any Ottawa Party.

17.1.101. "**Party**" means OSF, Ottawa, ORHA, Ottawa Foundation, ORMC, or OR Cardinal Sleep.

17.1.102. "**Parties**" means OSF, Ottawa, ORHA, Ottawa Foundation, ORMC, and OR Cardinal Sleep, collectively.

17.1.103. "**Payment Programs**" means the private, commercial and governmental payment and procurement programs with which the Ottawa Parties are participating providers (including, without limitation, Medicare and Medicaid).

17.1.104. "**Permitted Encumbrances**" means encumbrances for Taxes not yet due and payable or being diligently contested in good faith and for which appropriate reserves have been established in accordance with GAAP (provided that Permitted Encumbrances shall not apply to omitted or reassessed Taxes imposed due to incorrect, false or misleading real estate tax exemption applications or annual exemption certifications filed); liens for inchoate mechanics' and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carriers' liens arising in the ordinary course of business; easements, restrictive covenants, rights of way

and other similar restrictions of record that do not impair in any material respect the value of the assets or the continued conduct of the business of an Ottawa Party or its continued use of its assets in the manner currently used; zoning, building and other similar restrictions that do not impair in any material respect the value the asset or the continued conduct of the business of an Ottawa Party or its continued use of its assets in the manner currently used; encumbrances, encroachments and other imperfections of title, licenses or encumbrances, if any, of record that do not impair in any material respect the value of the asset or the continued conduct of the business of an Ottawa Party or its continued use of its assets in the manner currently used; encumbrances arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and in the case of leased property, all matters, whether or not of record, affecting the title of the lessor (and any underlying lessor) of the leased property do not impair in any material respect the value of its asset or the continued conduct of the business of an Ottawa Party or its continued use of its assets in the manner currently used.

17.1.105. "**Person**" means any natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

17.1.106. "**Plan of Finance**" means the issuance of a sufficient amount of new debt by OSF and the OSF Obligated Group, or otherwise funding the redemption or defeasance of all Ottawa Master Indenture Indebtedness through a bridge loan or cash (of OSF and not from Ottawa or any of its Affiliates), or otherwise.

17.1.107. "**Primary Obligor**" means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

17.1.108. "**Property**" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible, and wherever situated, except where otherwise specifically provided.

17.1.109. "**Property, Plant and Equipment**" means all Property of the Ottawa Parties which is classified as property, plant and equipment under GAAP.

17.1.110. "**RCRA**" means the Resource Conservation and Recovery Act, as amended.

17.1.111. "**Receiving Party**" means OSF or Ottawa, as the case may be, when receiving an Amended Document or Amended Documents.

17.1.112. "**Related Bonds**" means any revenue bonds or similar Obligations issued by any Member or any state of the United States or any municipal corporation or other political subdivision formed under the laws thereof or any constituted authority, agency or instrumentality of any of the foregoing empowered to issue Obligations on behalf thereof, the proceeds of which are loaned or otherwise made available to a Member of the OSF Obligated Group in consideration, whether in whole or in part, of the

execution, authentication and delivery of an Obligation or Obligations to such governmental issuer.

17.1.113. "**Related Bond Indenture**" means any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued.

17.1.114. "**Related Loan Document**" means any document or documents (including without limitation any lease, sublease or installment sales contract) pursuant to which any proceeds of any Related Bonds are advanced to a Member of the OSF Obligated Group (or any Property financed or refinanced with such proceeds is leased, subleased or sold to a Member).

17.1.115. "**Reserved Powers**" means the powers reserved to OSF with respect to the governance and operations of Ottawa, as reflected in the amended and restated Governing Documents.

17.1.116. "**Returns**" means returns, declarations, and reports and all information returns and statements required to be filed or sent with respect to all Taxes.

17.1.117. "**RONI**" means Radiation Oncology of Northern Illinois, LLC, an Illinois limited liability company

17.1.118. "**Scandal**" means any conduct which results in serious impairment of the name or reputation of OSF, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or Catholic faithful concerning compliance by OSF with the ethical and religious teachings of the Roman Catholic Church, including but not limited to the Ethical and Religious Directives and Canon Law.

17.1.119. "**Tax Agreements**" means any tax exemption agreement or similar agreement entered into by a Member in respect to the establishment, maintenance and preservation of the tax-exempt status of any Indebtedness the interest on which is determined to be exempt from Federal taxation under applicable provisions of the Internal Revenue Code at the time of issuance.

17.1.120. "**Tax Exempt Organization**" means an entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which is exempt from Federal income taxation under Section 501(a) of the Code, and, which is not a "private foundation" within the meaning of Section 509(a) of the Code, or corresponding provisions of Federal income tax laws from time to time in effect.

17.1.121. "**Taxes**" means all Federal, state, county, local and other taxes of every kind.

17.1.122. "**WARN Act**" means the Workers Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 *et seq.*

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Affiliation Agreement as of the Execution Date.

OSF HEALTHCARE SYSTEM

By:_____
Kevin D. Schoeplein
Chief Executive Officer

OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL CARDINAL SLEEP CENTER, LLC

By: Ottawa Regional Healthcare Affiliates, Inc.
Its: Sole Member

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC.

By: Ottawa Regional Hospital & Healthcare Center
Its: Sole Shareholder

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL MEDICAL CENTER, INC.

By: Ottawa Regional Healthcare Affiliates, Inc.
Its: Sole Shareholder

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL HOSPITAL FOUNDATION

By:_____
Steven Gonzalo
Member

IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Affiliation Agreement as of the Execution Date.

OSF HEALTHCARE SYSTEM

By:_____
Kevin D. Schoeplein
Chief Executive Officer

OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL CARDINAL SLEEP CENTER, LLC

By: Ottawa Regional Healthcare Affiliates, Inc.
Its: Sole Member

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC.

By: Ottawa Regional Hospital & Healthcare Center
Its: Sole Shareholder

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL MEDICAL CENTER, INC.

By: Ottawa Regional Healthcare Affiliates, Inc.
Its: Sole Shareholder

By:_____
Steven Gonzalo
Chairman, Board of Directors

OTTAWA REGIONAL HOSPITAL FOUNDATION

By:_____
Steven Gonzalo
Member

[Signature Page to Affiliation Agreement]

EXHIBIT A

Forms of Amended and Restated Governing Documents of Ottawa

RESTATED ARTICLES OF INCORPORATION
OF
[NEW NAME OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER]

Article 1. The name of the corporation is **[New Name of Ottawa Regional Hospital & Healthcare Center ("Corporation")]**. The Corporation is an Illinois not-for-profit corporation, created on December 7, 1964, with the name Community Hospital of Ottawa. The name of the Corporation was changed to Ottawa Regional Hospital & Healthcare Center pursuant to filing Articles of Amendment effective May 6, 2008.

Article 2. Agent Name: Robert Alan Chaffin
Agent Address: 1100 E. Norris Drive, Ottawa, IL 61350

Article 3. The sole member of the Corporation is OSF Healthcare System, an Illinois not-for-profit corporation (the "**Member**").

During the ten (10) year period following the date of filing of these Restated Articles of Incorporation, the Member will not take any action to sell substantially all of the assets of, merge, dissolve or consolidate the Corporation, without the approval of two-thirds (2/3) of the Corporation's board of directors, unless the Member determines in its sole and reasonable judgment that such action is necessary: (a) to protect and preserve the tax-exempt status and public charity status of the Member and the Corporation and any tax-exempt affiliate of the Member and the Corporation (including Federal and state income tax exemptions, property tax exemptions, and sales tax exemptions); provided the Member's board of directors has given a written request to the Corporation's board of directors to take action or refrain from taking action, which would have sufficiently protected and preserved such tax-exempt and public charity status, and the Corporation's board of directors has failed to promptly take such action or refrain from taking such action; (b) to comply, on behalf of any and all members of the Member's obligated group, with its master trust indenture, related loan documents, tax agreements, and all other covenants and agreements relating to any obligated group financing provided the Member's board of directors has given a written request to the Corporation's board of directors to take action or refrain from taking action, to so comply, and the Corporation's board of directors has failed to promptly take such action or refrain from taking such action; or (c) to comply with the moral teachings of the Roman Catholic Church, the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation (the "**Ethical and Religious Directives**"), and/or Canon Law, as interpreted by the appropriate ecclesiastical authority. Notwithstanding the foregoing, the Member shall not be prohibited from entering into a transaction involving a change of control of the Member or a merger or consolidation of the Member with or into any other entity; provided the post-closing covenants of the Member, as set forth in the Affiliation Agreement to which the Member and the Corporation are parties, are honored by such successor to the Member.

Article 4 - Purpose:

The purposes for which the Corporation is organized are: to establish, acquire, support, erect, maintain, own and equip health care providers and institutions in the City of Ottawa and other

communities served by the Corporation (the "**Community**"), including, without limiting the foregoing, hospitals, medical centers, nursing homes, skilled nursing facilities, intermediate care facilities, home health agencies and ambulatory care centers; to conduct, sponsor, support, promote, develop, own and operate charitable, educational, scientific and scholastic programs and activities and other activities and programs ancillary to and in support of the foregoing in the Community; and to foster, promote, support, develop, encourage, maintain, receive and accept funds, gifts and contributions for and on behalf of such activities; and to establish, conduct, sponsor, acquire, own, maintain and operate such other entities and activities which, in the opinion of the Board and at its discretion, will support the foregoing in the Community.

No part of the net earnings of the Corporation shall inure to the benefit of any private individual; no part of the income of the Corporation shall be distributed to its individual members, directors, or officers; provided, however, that the payment of reasonable compensation for services rendered shall not be deemed a distribution of income. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of or against any candidate for public office.

The Corporation shall possess all powers which a corporation organized under the General Not For Profit Corporation Act of the State of Illinois, as the same from time to time may be amended, may possess including the power to use, distribute, contribute, expend, donate, apply and appropriate all of its property and assets, and all proceeds and avails thereof, and income and profit derived therefrom, exclusively for charitable, educational, scholastic, religious or scientific purposes; provided, however, the Corporation shall not engage in any business which would disqualify it from being exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended, (the "**Code**"), or the corresponding provision of any future United States Internal Revenue law, as an organization described in Section 501(c)(3) of the Code.

Notwithstanding any other provisions of these Articles, no assets of the Corporation shall be donated, distributed, applied to, paid over or otherwise used or employed in any manner which would disqualify the Corporation from being exempt from taxation as an organization described in Section 501(c)(3) of the Code.

Notwithstanding any other provisions of these Articles, the Corporation shall, without exception, conduct its business, and shall exercise the powers reserved to it in the governing documents of **[ORHA, ORHF,]** and the Auxiliary (as defined below), to cause **[ORHA, ORHF,]** and the Auxiliary to conduct their respective businesses: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives; (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by the Member, does not bring Scandal upon: (i) the Member; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation **[("ORHA")]**, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation **[("ORHF")]**, and **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation (the "**Auxiliary**"), **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company,

[new name of Ottawa Regional Medical Center, Inc.], an Illinois corporation, or any other entity that is controlled by or is under common control with the Corporation, either directly or indirectly (each an "**Affiliated Corporation**," and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, the Member, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, the Member, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

Article 5 – Dissolution:

In the event of the dissolution or liquidation of the Corporation, and after payment of its just debts and liabilities, all remaining assets shall be distributed to the Member, if the Member is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Member is not then exempt, to the Third Order, if the Third Order is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Third Order is not then exempt, to such other organization or organizations, as determined by the Board, which are organized and operated exclusively for charitable, educational, scholastic, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code.

AMENDED AND RESTATED CORPORATE BYLAWS
OF
[NEW NAME OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER]

ARTICLE I
NAME, OFFICES AND PURPOSES

1.1. Name.

The name of the Corporation is **[new name of Ottawa Regional Hospital & Healthcare Center]** (the "**Corporation**"), an Illinois not-for-profit corporation.

1.2. Offices.

The location of the principal office of the Corporation shall be in the City of Ottawa, Illinois, and the Corporation may have other offices within or without the State of Illinois as the Board of Directors (the "**Board**") may from time to time determine. The Corporation shall have and continuously maintain in Illinois a registered office which may, but need not be, the same as its principal office, and a registered agent whose office address is identical with such registered office.

1.3. Purposes.

(a) The purposes for which the Corporation is organized are: to establish, acquire, support, erect, maintain, own and equip health care providers and institutions in the City of Ottawa and other communities served by the Corporation (the "**Community**") including, without limiting the foregoing, hospitals, medical centers, nursing homes, skilled nursing facilities, intermediate care facilities, home health agencies and ambulatory care centers; to conduct, sponsor, support, promote, develop, own and operate charitable, educational, scientific and scholastic programs and activities and other activities and programs ancillary to and in support of the foregoing in the Community; and to foster, promote, support, develop, encourage, maintain, receive and accept funds, gifts and contributions for and on behalf of such activities; and to establish, conduct, sponsor, acquire, own, maintain and operate such other entities and activities which, in the opinion of the Board and at its discretion, will support the foregoing in the Community.

(b) No part of the net earnings of the Corporation shall inure to the benefit of any private individual; no part of the income of the Corporation shall be distributed to its individual members, directors, or officers; provided, however, that the payment of reasonable compensation for services rendered shall not be deemed a distribution of income. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of or against any candidate for public office.

(c) The Corporation shall possess all powers which a corporation organized under the General Not For Profit Corporation Act of the State of Illinois, as the same from time to time

may be amended, may possess, including the power to use, distribute, contribute, expend, donate, apply and appropriate all of its property and assets, and all proceeds and avails thereof, and income and profit derived therefrom, exclusively for charitable, educational, scholastic, religious or scientific purposes; provided, however, the Corporation shall not engage in any business which would disqualify it from being exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or the corresponding provision of any future United States Internal Revenue law, as an organization described in Section 501(c)(3) of the Code.

(d) Notwithstanding any other provisions of these Bylaws, no assets of the Corporation shall be donated, distributed, applied to, paid over or otherwise used or employed in any manner which would disqualify the Corporation from being exempt from taxation as an organization described in Section 501(c)(3) of the Code.

(e) Notwithstanding any other provisions of these Bylaws, the Corporation shall, without exception, conduct its business, and shall exercise the powers reserved to it in the governing documents of **[ORHA, ORHF,]** and the Auxiliary (as defined below), to cause **[ORHA, ORHF,]** and the Auxiliary to conduct their respective businesses: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation (the "**Member**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by the Member, does not bring Scandal upon: (i) the Member; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation **[("ORHA")]**, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation **[("ORHF")]**, and **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation (the "**Auxiliary**"), **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company, **[new name of Ottawa Regional Medical Center, Inc.]**, an Illinois corporation, or any other entity that is controlled by or is under common control with the Corporation, either directly or indirectly (each an "**Affiliated Corporation**," and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, the Member, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, the Member, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

1.4. Dissolution.

In the event of the dissolution or liquidation of the Corporation, and after payment of its just debts and liabilities, all remaining assets shall be distributed to the Member, if said corporation is then exempt as an organization described in Section 501(c)(3) of the Code, or, if said Member is not then exempt, to the Third Order, if said corporation is then exempt as an organization described in Section 501(c)(3) of the Code, or, if said corporation is not then

exempt, to such other organization or organizations, as determined by the Board, which are organized and operated exclusively for charitable, educational, scholastic, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code.

1.5. Incorporation by Reference.

The Member and the Affiliated Corporations other than the Auxiliary entered into that certain Affiliation Agreement, dated January 11, 2012 (the "**Affiliation Agreement**"). The Member and the Corporation acknowledge and agree that the Member and the Corporation shall abide by the covenants of Article XII, Article XIII and Article XIV of the Affiliation Agreement.

ARTICLE II
MEMBER

2.1. Sole Member.

The sole member of the Corporation shall be OSF Healthcare System. Any provision of law requiring notice to, the presence of, or the vote, consent, or other action of the Member in connection with such matter shall be satisfied by notice to, the presence of, or the vote, consent, or other action of the board of directors of the Member (the "**Member Board**").

2.2. Powers Reserved to the Member.

In addition to the rights and powers accorded a member under the Illinois General Not For Profit Corporation Act, the Articles of Incorporation of the Corporation, and these Bylaws, the following actions (the "**Reserved Powers**") shall be authorized only by a vote of the Member of the Corporation, which vote shall be taken only after considering the advice of the Board:

(a) To establish, approve, or modify the philosophy, vision, values, and mission according to which the Corporation operates.

(b) To lease, sell, encumber, or otherwise alienate any real property or interest in real property of the Corporation.

(c) To approve any transfer, lease, sale, or encumbrance of personal property of the Corporation except in the ordinary course of business.

(d) To approve any purchase or other acquisition by the Corporation that is not included in the consolidated operating and capital budgets of the Affiliated Corporations, and exceeds One Million Dollars ($1,000,000) per item and Five Million Dollars ($5,000,000) in the aggregate in any fiscal year.

(e) To approve any borrowing or debt financing on behalf of the Corporation in excess of a specified limit established by resolution of the Member, to structure and restructure indebtedness of the Corporation, and to enter into and amend agreements relating to indebtedness of the Corporation.

(f) To require a certified audit of the finances of the Corporation and to appoint the certified public accountant to perform any audit.

(g) To approve the engagement of and to dismiss any outside legal counsel to represent the Corporation on a regular basis or in connection with any matter deemed by the Member, in good faith, to have significance for OSF as a whole.

(h) To elect the members of the Board and to remove any member of the Board who the Member determines, in good faith after reasonable investigation, may or does bring Scandal upon any Affiliated Corporation, the Member, or the Third Order, or breaches his or her fiduciary duties as a member of the Board, as applicable, or engages in conduct not in the best interests of the Corporation or the Member.

(i) To merge or consolidate the Corporation with other entities, merge other entities into the Corporation, or to dissolve the Corporation, in accordance with applicable law.

(j) To amend the Articles of Incorporation and Bylaws of the Corporation in accordance with applicable law.

(k) To expand, consolidate, terminate, or close any of the facilities and services of the Corporation.

(l) To hire, enter into an employment contract with, discipline, or terminate the Chief Executive Officer and the chief operating officer of the Corporation.

(m) Subject to Section 4.2, to appoint the Chairperson following nomination by the Board.

(n) To approve the strategic plan for the Affiliated Corporations, which shall be developed by the Board and recommended to the Member.

(o) To adopt or modify the operating budget and capital budget for any fiscal year for the Corporation, which shall be developed by the Board and recommended to the Member (which operating and capital budgets shall be consolidated with the operating and capital budgets for each Affiliated Corporation, with a consolidating schedule for each Affiliated Corporation).

(p) To approve the terms of and enter into joint ventures and other affiliations between the Corporation and third parties, and approve the creation, formation, organization, or termination of any legal entity in which the Corporation will have any ownership interest, membership interest, power to elect or appoint board members or officers, or any other formal participation arrangement, whether acting alone or in conjunction with any other person or entity.

(q) To approve appointments to governing bodies of joint ventures between the Corporation and third parties and other legal entities in which the Corporation has any power to elect or appoint board members or officers.

(r) To take any and all actions deemed necessary, in the sole judgment of the Member Board to protect and preserve the tax-exempt status and public charity status of the Corporation

or the Member and any tax-exempt affiliate of the Corporation or the Member (including federal and state income tax exemptions, property tax exemptions, and sales tax exemptions); provided the Member Board has given a written request to the Board to take action or refrain from taking action, which would have sufficiently protected and preserved such tax-exempt and public charity status, and the Board has failed to promptly take such action or refrain from taking such action.

(s) To take any and all actions deemed necessary, in the sole judgment of the Member Board, for any and all members of the Obligated Group to comply with its master trust indenture, loan agreements, tax agreements, and all other covenants and agreements relating to any Obligated Group financing; provided the Member Board has given a written request to the Board to take action or refrain from taking action, to so comply, and the Board has failed to promptly take such action or refrain from taking such action. The term "**Obligated Group**" means the Member and any other natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity that becomes a member of the obligated group pursuant to that certain Amended and Restated Master Trust Indenture dated as of September 15, 1999 between the Member and Wells Fargo Bank, National Association, as successor master trustee, as heretofore or hereafter supplemented and amended.

(t) To name or rename any healthcare facility owned and operated by the Corporation.

2.3. Action by the Member.

The Member shall act by executing and delivering to the Chairperson, Chief Executive Officer, or Secretary a written instrument or instruments, signed by an authorized officer of the Member, setting forth the action taken. The action of the Member shall be deemed to have been taken on the dates the written instruments are so delivered unless the instruments provide otherwise. Any action taken by the Member on any matters described in Section 2.2 shall be immediately communicated to the Board.

2.4. Policies of the Member.

All policies of the Member shall apply with respect to the Corporation's governance, management, and operation. The Board shall not enact any policy that conflicts with or purports to nullify the effect of a policy of the Member without the approval of the Member.

ARTICLE III
BOARD OF DIRECTORS

3.1. General Powers.

Subject to the Reserved Powers, the management, control and operation of the affairs and properties of this Corporation shall vest and be in the Board. The Board shall have the power and authority to do and perform all acts or functions consistent with the Articles of Incorporation and Bylaws of the Corporation and any amendments thereto, and the laws of the State of Illinois. Among the powers exercised by the Board shall be the power, subject to the Reserved Powers, to

coordinate the activities of [**ORHA, ORHF,**] and the Auxiliary, all in furtherance of the exempt purposes set forth herein, pursuant to the powers reserved to it in the governing documents of [**ORHA, ORHF,**] and the Auxiliary. The Corporation shall exercise such reserved powers unless the Member grants written permission excusing the Corporation from the exercise of such reserved powers.

3.2. Additional Responsibilities.

The members of the Board shall also serve as members of the board of directors of [**ORHA**]. The members of the Board who are Community Board Members shall also serve as members of the board of directors of [**ORHF**]. In their capacities as directors of [**ORHA**] and [**ORHF**], the members of the Board shall manage the affairs of such corporations in accordance with their articles of incorporation and bylaws.

3.3. Number and Qualification.

(a) Composition. The Board shall consist of thirteen to fifteen directors, not including the Chief Executive Officer of the Corporation and the Honorary Board Members (as defined below). When vacancies on the Board occur by reason of death, resignation, or otherwise, the number shall be reduced by such vacancies until qualified replacements are elected or appointed for the unexpired term. Directors other than Community Board Members need not be residents of the State of Illinois. All directors shall have the equal right to vote, except that the Chief Executive Officer and the Honorary Board Members shall not have the right to vote. The initial Board established upon adoption of these amended and restated Bylaws shall be composed of the following individuals:

(1) The Chief Executive Officer, who shall serve *ex officio*;

(2) Seven (7) persons appointed by the Member (the "**OSF Board Members**"); and

(3) Six (6) persons who are residents of the Corporation's service area (the "**Community Board Members**");

(b) Preferences. In nominating Community Board Members, the Board shall give preference to persons who represent a diversity of geography and skills, rather than persons who have historical loyalties to either the Member or the Corporation's predecessor, Ottawa Regional Hospital & Healthcare Center; provided, however, that the initial Community Board Members shall be selected, by agreement of the Member and the Board as comprised prior to the adoption of these amended and restated Bylaws, from among those persons who were members of the Board prior to the adoption of these amended and restated Bylaws. The OSF Board Members shall at all times constitute a majority of voting directors; in the event the Board determines to expand the Board to fourteen (14) members, the additional member shall be an OSF Board Member, and in the event the Board determines to expand the Board to fifteen (15) members, the additional member shall be a Community Board Member.

(c) Honorary Board Members. The initial Board established upon adoption of these amended and restated Bylaws shall include four (4) directors, selected by agreement of the

Member and the Board as comprised prior to the adoption of these amended and restated Bylaws, who were members of the Board prior to the adoption of these amended and restated Bylaws (the "**Honorary Board Members**"). An Honorary Board Member shall serve a single term ending on the date his or her term as a member of the Board as comprised prior to the adoption of these amended and restated Bylaws would have ended. Upon the completion of such terms, there shall be no Honorary Board Members.

(d) Qualifications. Directors shall have the following qualifications:

(1) Commitment to the Philosophy, Mission, Values and Vision of the Member.

(2) Commitment to uphold the Catholic Code of Ethics in all dealings and deliberations pertaining to the Board's responsibilities.

(3) Knowledge and experience useful to the Corporation in maintaining its values and achieving its Mission, such as leadership skills, health care delivery knowledge, legal expertise or financial skills.

(4) Willingness to support the Corporation with a commitment of time necessary to become and remain informed concerning the issues confronting the Corporation and the ability to regularly attend Board meetings.

(5) Ability to be discreet in keeping Board discussions and business confidential.

(6) Ability to rise above the concerns of a particular constituency and represent the interest of the Corporation as a whole.

(7) Be of respectable character, have an interest in the Catholic health care delivery system and a deep concern and willingness to serve.

3.4. Election.

(a) The Member shall have the sole power to appoint or reappoint the OSF Board Members.

(b) Upon expiration of the terms of then-current Community Board Members, the Board shall submit to the Member nominations to fill the seats previously held by, or seek reappointment of, the Community Board Members. Such nominees shall have been presented to the Board by a committee of the Board comprised of the then-current Community Board Members and approved by an act of the Board at its annual meeting. The Member may approve or deny any nominee(s) or reappointment(s) in its discretion, provided the Member shall not make its decision arbitrarily.

3.5. Term of Office.

(a) The term of office for each director (other than the Honorary Board Members) shall be three (3) years or until his or her successor shall have been duly elected. However, notwithstanding the aforementioned, for the first term in which these amended and restated Bylaws are in force and effect: (1) two OSF Board Members and two Community Board Members shall each serve a one year term; (2) two OSF Board Members and two Community Board Members shall each serve a two year term; and (3) three OSF Board Members and two Community Board Members shall each serve a three year term; in order that staggered terms can be initiated.

(b) Any OSF Board Member may be appointed to succeed himself or herself, without limitation on the number of terms he or she may serve, provided that said director continues to satisfy the requirements for qualification specified in Section 3.3(d). Any Community Board Member may be elected to succeed himself or herself, up to a maximum of three (3) consecutive terms, provided that said director continues to satisfy the requirements for qualification specified in Section 3.3(d).

(c) The term of office of all directors shall commence immediately following the meeting at which they were elected by the Member.

(d) The term of office of any director shall end at the close of the annual meeting held during the year in which such director's term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

3.6. Resignation of Directors.

Any director may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Unexcused absence from more than twenty-five percent (25%) of all regular and special Board meetings without a prior excuse from the Chairperson shall be an automatic resignation. A director may be excused from Board meeting attendance if such director is absent from the state, suffering from an acute illness or, in the discretion of the Chairperson, for any other excused absence.

3.7. Removal of Directors.

Any OSF Board Member may be removed from office, with or without cause, by the Member. Any Community Board Member or Honorary Board Member may be removed from office by the Member pursuant to Section 2.2(h).

3.8. Vacancies.

Any vacancy on the Board may be filled by the Member for the unexpired portion of the term.

3.9. Annual Meeting.

The annual meeting of the Board for the nomination of Community Board Members, election of certain officers, as necessary, and the transaction of such business as may come before the Board shall be held in December of each year or, in the discretion of the Chairperson, within sixty days of such regularly scheduled annual meeting and at such time and place as shall be determined by the Chairperson.

3.10. Regular Meetings.

Regular meetings of the Board shall be held at least quarterly at such time and place designated by the Chairperson by announcement at the preceding Board meeting, by written notice to the members of the Board by the Chairperson or Chief Executive Officer, or by resolution of the Board prescribing the time and place for regular meetings. The annual meeting may be counted as one of the quarterly meetings.

3.11. Special Meetings.

Special meetings of the Board may be called by or at the request of the Chairperson, the Vice-Chairperson, the Chief Executive Officer, or a majority of the directors then in office.

3.12. Planning Meetings of the Member.

In order to enhance strategic planning by the Member and develop system-wide priorities and initiatives, the members of the Board shall attend the Member's board education sessions, strategic and management planning meetings, and budget meetings, at times and places determined by the Member upon notice to the Board.

3.13. Notice.

(a) Notice of any annual, regular or special meeting shall be given in writing by personal delivery, by United States mail, or by electronic mail to each director at least three days before the day on which the meeting is to be held. If given by United States mail, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at the address as shown in the records of the Corporation with postage thereon prepaid. If given by electronic mail, such notice shall be deemed to be delivered upon receipt by the sender of an electronic acknowledgment of delivery to the recipient at the electronic mail address of the recipient as shown in the records of the Corporation.

(b) Notice may be waived in writing by any director either before or after the meeting. Attendance at any meeting by a director shall be deemed to be a waiver of notice unless the director intends to object to the transaction of business because the meeting is not lawfully convened.

(c) Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

3.14. Quorum.

A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; provided, that if less than a majority of the directors are present, those directors present may adjourn the meeting from time to time without further notice. Any director may participate in and act at any meeting of the Board through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meetings shall constitute attendance and presence in person at the meeting of the person or persons so participating.

3.15. Manner of Acting.

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board except where otherwise provided by law or by these Bylaws. There shall be no voting by proxy.

3.16. Informal Action.

Any action required to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be provided by all of the directors then in office or all members of a committee of the Board, as the case may be. Written consent may be provided by electronic mail. All the approvals evidencing consent shall be delivered to the Secretary at such mailing or electronic mail address as the Secretary may designate to be filed in the records of the Corporation. The action shall be effective when all of the directors or the committee members, as the case may be, have approved the consent, unless the consent specifies a different effective date.

3.17. Procedure.

Robert's Rules of Order Revised (latest edition) shall govern procedure at all meetings of the Board and its committees where not covered expressly by these Bylaws.

3.18. Compensation.

Directors shall not receive compensation for their services as such but may be reimbursed for bona fide expenses incurred arising out of services rendered. Nothing herein shall prohibit payment of compensation to an individual serving as a director who renders services to the Corporation in another capacity.

3.19. Conflict of Interest.

(a) Any director, officer or key employee who has an interest in a contract or other transaction presented to the Board or a committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of such interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the Corporation's interest.

(b) The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use any personal influence on, nor participate (other than to present factual information or to respond to questions) in, the discussions or deliberations with respect to such contract or transaction. Such person shall not be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation, and whether a quorum was present.

(c) For the purposes of this Section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she is the party (or one of the parties) contracting or dealing with the Corporation, or is a director, trustee, manager, or officer of, or has a significant financial or influential interest in, an entity (other than an entity that controls, is controlled by, or is under common control with the Corporation, either directly or indirectly) contracting or dealing with the Corporation.

ARTICLE IV
OFFICERS

4.1. Officers.

The officers of the Corporation shall be a Chairperson, a Vice-Chairperson, a Secretary, a Treasurer, and an individual who is both the President and the Chief Executive Officer (the "**Chief Executive Officer**"). The Board may elect additional officers as it shall deem desirable. Unless specifically provided in these Bylaws, an officer need not be a director. One person may hold two or more offices.

4.2. Appointment, Election and Term of Office.

The initial officers shall be named by agreement of the Member and the Corporation pursuant to the Affiliation Agreement. Upon expiration of the initial term of the then-current Vice-Chairperson, the Vice-Chairperson shall be nominated by the Board at the annual meeting of the Board, which nomination shall be submitted to the Member for consideration and approval. Upon expiration of the initial terms of the then-current Secretary, Treasurer and such other officers as established by the Board pursuant to Section 4.1, the Secretary, Treasurer, and other officers shall be elected by the Board, except as otherwise provided, at the annual meeting of the Board. The Vice-Chairperson shall automatically become the Chairperson at the conclusion of his or her term as Vice-Chairperson. The Chief Executive Officer shall be appointed by the Member without nomination by the Board. Each officer shall hold office for a term of one year or until a successor is elected, unless such officer shall sooner resign or be removed.

(a) An officer may be elected successively without limitation on the number of terms served.

(b) The term of office of all officers shall commence immediately following the meeting at which they were elected by the Member or the Board, as applicable.

(c) The term of office of any officer shall end at the close of the annual meeting held during the year in which the term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

4.3. Resignation and Removal of Officers.

Any officer may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Any officer may be removed by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby.

4.4. Vacancies.

A vacancy in any elected office except for the offices of Chairperson, Vice-Chairperson, and Chief Executive Officer may be filled by the Board for the unexpired portion of the term.

4.5. Chairperson.

The Chairperson shall preside at all meetings of the Board. Subject to the Reserved Powers, the Chairperson may sign and execute, on behalf of the Corporation with the Secretary or any other proper officer of the Corporation authorized by the Board, any corporate records, documents and instruments. The Chairperson shall have and exercise, subject to the Reserved Powers, all powers usually incident to the office of the Chairperson of a not-for-profit corporation and shall perform such other duties as may be delegated by the Board from time to time. The Chairperson must be a member of the Board.

4.6. Vice-Chairperson.

The Vice-Chairperson shall act as Chairperson in the absence or refusal of the Chairperson to act and when so acting the Vice-Chairperson shall have all of the powers and authority of the Chairperson. The Vice-Chairperson shall also perform, subject to the Reserved Powers, such other duties and functions as may be delegated by the Board. The Vice-Chairperson must be a member of the Board.

4.7. Chief Executive Officer.

Subject to the Reserved Powers and to such supervisory powers, if any, as may be given by the Board to the Chairperson, the Chief Executive Officer shall be the highest executive officer of the Corporation and shall, subject to the control of the Board and of the chief executive officer of the Member, have general supervision, direction and control of the business and affairs of the Corporation and shall have the general powers and duties of management, including, but not limited to:

(a) Advising and making recommendations to the Board relating of the operation of the Corporation and strategic planning.

(b) Presenting a report at each annual meeting of the Board covering the operations during the preceding fiscal year.

(c) Signing any deeds, bonds, contracts or other instruments which the Board has authorized to be executed by the Chief Executive Officer, either alone or with the Secretary or other officer of the Corporation, as authorized by the Board.

(d) Attending and participating without vote in meetings of the Board.

(e) Attending and participating without vote in meetings of the Executive Committee of the Board, if any.

(f) Directing and supervising the activities and performance of subordinate executives of the Corporation in accordance with the management structure approved by the Board from time to time.

(g) Performing all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board.

4.8. Secretary.

Subject to the Reserved Powers, the Secretary shall sign documents of the Corporation from time to time as required; keep the minutes of the meetings of the Board and a record of actions of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents as required; and perform such additional duties as may be assigned by the Chief Executive Officer or delegated by the Board.

4.9. Treasurer.

Subject to the Reserved Powers, the Treasurer shall be responsible for the custody of the funds and securities of the Corporation; report to the Board respecting its financial condition and the handling of its monies and investments; and perform such additional duties as may be assigned by the Chief Executive Officer or delegated by the Board.

ARTICLE V
COMMITTEES

5.1. Designation.

The Board may, by resolution, create committees as needed and define the activities thereof. Unless prohibited by law, the Articles of Incorporation, or these Bylaws, the Board may delegate authority to Board committees. Members of Board committees shall be appointed by the Chairperson unless otherwise provided for by these Bylaws or by resolution of the Board. Committees may include persons other than directors; provided, that Board committees shall include two or more directors, and a majority of the members of each Board committee shall be directors. The Chairperson shall be an *ex officio* voting member of all Board committees.

5.2. Term of Office.

Each member of a Board committee shall serve until the next annual meeting of the Board or until a successor is appointed.

5.3. Resignation and Removal.

Any committee member may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Any committee member may be removed by the Chairperson or by a majority vote of the Board.

5.4. Vacancies.

Vacancies in the membership of any committee shall be filled by the Chairperson.

5.5. Committee Chairperson.

The Chairperson shall serve as chairperson of the Executive Committee and designate one member of each other committee(s) to serve as chairperson of that committee.

5.6. Notice.

Committees shall meet at the call of the chairperson of the committee. Notice of any committee meeting shall be given at least three business days before the meeting is to be held. Notice of the meeting shall be either oral or in writing at the discretion of the committee chairperson, and if given in writing shall be given in the manner described in Section 3.13.

5.7. Quorum.

A majority of the committee membership shall constitute a quorum for the transaction of business at any meeting of the committee.

5.8. Manner of Acting.

The act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. A committee may also act by unanimous consent in writing without a meeting in the manner described in Section 3.16.

5.9. Minutes.

Each committee shall keep minutes of its meetings and shall regularly report to the Board.

5.10. Rules.

Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with actions by the Board.

5.11. Executive Committee.

(a) The Executive Committee, if created by the Board, shall be composed of not less than three members and not more than seven members, including the Chairperson and other members selected from among the directors by the Chairperson. The Chairperson shall be the chairperson of the Executive Committee. The majority of voting members of the Executive Committee shall be OSF Board Members.

(b) The Executive Committee shall serve during periods when the Board is not in session. The Executive Committee shall be authorized, subject to the Reserved Powers, to take such action as may be necessary on behalf of the Corporation.

ARTICLE VI
MEDICAL/DENTAL STAFF

6.1. Organization.

The Board shall appoint a medical/dental staff (the "**Medical Staff**") for the health care facility operated by the Corporation, composed of physicians and dentists that shall see that they are organized in such a manner as to secure the best possible patient care. In administrative matters, the Medical Staff, as an organized body, shall act in an advisory capacity; this function is carried on through the formal liaison of the health care facility.

6.2. Appointments and Hearings.

(a) The Board shall appoint to the Medical Staff physicians, dentists and other professionals in numbers not exceeding the hospital's needs, whom it shall deem to be qualified and whose services it considers will promote the more efficient fulfillment of the purposes of the health care facility. The qualifications for membership on the Medical Staff, for staff category, and for privileges are more specifically set forth in the Bylaws of the Medical Staff. Each member of the Medical Staff shall have appropriate authority and responsibility for the care of his or her patients, subject to such limitations as are contained in these Bylaws, in resolutions of the Board adopted pursuant to these Bylaws, and in the Bylaws and rules of the Medical Staff approved by the Board after adoption by the Medical Staff, and subject further to any limitations attached to his or her appointment.

(b) Each application for appointment shall be in writing and shall contain full information concerning the applicant's training, experience, licensure, reputation, demonstrated competence, delineation of privileges desired, personal cooperation and responsibility, ethical standing, previous hospital appointments, and any unfavorable history with respect to the foregoing. Each application is presented to the Chief Executive Officer, who shall transmit it to the Secretary of the Medical Staff. Each application is reviewed and acted upon by the Credentials Committee and Medical Executive Committee of the Medical Staff prior to final action being taken by the Board.

(c) Appointments to the Medical Staff shall be for a term of not more than two years. Reappointments to the Medical Staff are at the discretion of the Board.

(d) The Board shall establish procedures when an appointment is refused or not renewed, when a requested staff category is denied, or when privileges have been or are proposed to be reduced, suspended or terminated. The practitioner affected shall be afforded an opportunity for hearing before an appropriate committee(s) whose recommendation shall be considered by the Board prior to taking final action on the matter. Such hearings shall be conducted informally under procedures adopted by the Board so as to assure a fair hearing and afford opportunity for the presentation of all pertinent information. Whenever the Board does not concur in a Medical Staff recommendation relative to clinical privileges, provision will be made for a review of the recommendations by a joint committee of the Medical Staff and Board before a final decision is reached by the Board. Any physician or dentist whose engagement by the hospital requires membership on the Medical Staff shall not have his or her Medical Staff privileges terminated without the same fair hearing provisions as provided for any other member of the Medical Staff unless otherwise stated in a written contract. The foregoing notwithstanding, the Board may provide for automatic suspension of a practitioner's privileges upon the occurrence of certain events, as detailed in the Medical Staff Bylaws, with respect to which no hearing will be afforded prior to such suspension.

6.3. Patient Care and Evaluation.

(a) The Board shall assign to the Medical Staff such duties as it deems necessary for the maintenance of medical care at a standard of excellence. To accomplish this, the Board shall delegate appropriate authority to the Medical Staff officers through the Chief Executive Officer.

(b) The Medical Staff shall conduct a continuing review and appraisal of the quality and quantity of medical care rendered in the health care facility in terms of established standards, and shall report such activities and their results to the Board through the Chief Executive Officer.

(c) The Medical Staff shall make recommendations to the Board concerning: (1) appointments and reappointments; (2) designations and alterations of staff category; (3) granting, suspension, revocation or alteration of privileges; (4) disciplinary actions; (5) all matters relating to personal conduct and professional competency; and (6) such specific matters as may be referred to it by the Board or the Chief Executive Officer.

6.4. Medical/Dental Staff Bylaws and Rules.

There shall be Bylaws and Rules for the Medical Staff setting forth its purposes, organization and government. Such Bylaws and Rules may be proposed by the Medical Staff or the Board, but no such action shall become effective unless ratified by the Board. No provision in the Medical Staff Bylaws and Rules shall be valid if it is inconsistent with the Articles of Incorporation or the Bylaws of the Corporation as they may from time to time exist, nor shall they be valid if inconsistent with the Ethical and Religious Directives.

6.5. Status of Staff Members With Privileges.

The Medical Staff, committees of the Medical Staff and practitioners who are members thereof, and any other persons to whom privileges of any sort are granted, when performing their duties hereunder in the health care facility operated by the Corporation in accordance with their professional judgments shall not be considered employees of the Corporation. Nothing

contained in these Bylaws is intended or shall be interpreted to cause the Medical Staff or the practitioners who are members thereof to be employees of the Corporation or any health care facility operated by the Corporation. The Corporation may, however, by specific written contract so stating, retain individual practitioners as employees to perform services for the Corporation.

6.6. Formal Liaison.

There shall be a Formal Liaison Meeting ("**Formal Liaison Meeting**"), which shall serve as a formal means of medico-administrative communication among the Board, the Chief Executive Officer, and Medical Staff of the hospital.

(a) Composition. Each Formal Liaison Meeting shall include the Chief Executive Officer, and representatives from the Board and from the Medical Staff.

(b) Purposes. The purposes of the Formal Liaison Meeting are:

(1) To assist in the development of hospital policy.

(2) To maintain open communication, specifically as related to pertinent action taken or contemplated.

(3) To provide a forum for consideration of plans for future growth or change in hospital organization and for discussion of problems that arise in the operation of the hospital.

(c) Meetings. The Formal Liaison Meeting shall occur at least twice a year, more often if necessary.

(d) Minutes. Minutes shall be recorded and given to the Board, representatives of the Medical Staff and the Chief Executive Officer.

ARTICLE VII
SUPPLEMENTAL BYLAWS

In the course of the operation of its business, the Corporation will from time to time ratify and proclaim bylaws or constitutions and bylaws for various advisory boards, medical/dental staffs, and auxiliaries, and for other purposes and allied organizations, and the Board shall have the power to organize and continue all such allied organizations and ratify, change and amend all such bylaws or constitutions and bylaws unless specifically delegated with ratification reserved by the Member.

ARTICLE VIII
FISCAL MATTERS

8.1. Fiscal Year.

The fiscal year of the Corporation shall commence on the first day of October and end on the last day of September, or such other dates as established by the Member from time to time so

as to keep contemporaneous the fiscal year of the Corporation with the fiscal years of the other members of the Obligated Group.

8.2. Contracts.

Subject to the Reserved Powers, the Board may authorize officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, consistent with authority delegated from time to time to the chief executive officers of hospitals owned and operated by the Member.

8.3. Loans.

No loans or borrowing shall be contracted for or on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. No loan shall be granted to any officer or director of the Corporation. Forms of indebtedness in excess of that amount specified by resolution of the Member pursuant to Section 2.2(e) must be approved by the Member.

8.4. Checks and Drafts.

All checks, drafts, or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation or to the Corporation, shall be signed or endorsed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

8.5. Deposits.

All funds of the Corporation, not otherwise employed, shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

8.6. Budgets.

The Board shall prepare or have prepared, and submit to the Member for approval at a time and in a manner specified by the Member, the annual consolidated capital and operating budgets of the Affiliated Corporations with a consolidating schedule for each Affiliated Corporation.

8.7. Books, Records and Accounts.

The Corporation shall keep or cause to be kept correct and complete books and records of account and shall also keep minutes of the proceedings and records of the actions of the Board and its committees. All books and records of the Corporation may be inspected by the Member or any member of the Board for any proper purpose at any reasonable time and upon prior request. In addition, the Corporation shall annually cause a certified audit of its accounts in compliance with Section 2.2(f) to be made and shall cause to be filed the necessary reports, tax returns or other documents as may be required by law on its behalf.

ARTICLE IX
INDEMNIFICATION

9.1. Power to Hold Harmless.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, with respect to any criminal action or proceeding that the person had reasonable cause to believe that his or her conduct was lawful.

9.2. Power to Indemnify Litigant.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

9.3. Reimbursement Authorized.

To the extent that a director, officer, employee or agent of the Corporation has been successful, on the merits or otherwise in the defense of any action, suit or proceeding referred to in Sections 9.1 or 9.2, or in defense of any claim, issue or matter therein, he or she shall be

indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

9.4. Determination if Reimbursement is Proper.

Any indemnification under Sections 9.1 or 9.2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 9.1 and 9.2. Such determination shall be made: (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the Member.

9.5. Advance of Expenses.

Expenses incurred in defending a civil or criminal action, suit or proceedings may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article.

9.6. Non-Exclusivity.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of the Member or disinterested directors, or otherwise, both as to action in his or her official capacity, and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

9.7. Right to Acquire Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or who is or was serving at the request of the Corporation as a director, officer employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE X
CORPORATE SEAL

The Board shall adopt a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, the state of incorporation and the words "Corporate Seal."

ARTICLE XI
AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, restated or repealed by the Member upon its own motion or upon a recommendation from the Board at any regular meeting or special meeting called for that purpose; provided that the Member shall not be permitted to alter, amend, restate, or repeal the provisions of Section 1.5. These Bylaws shall be reviewed annually.

ADOPTED by the Board of Directors of **[new name of Ottawa Regional Hospital and Healthcare Center]**, this _____ day of _____, 2012, at Ottawa, Illinois.

_____
Chairperson

ATTEST:

_____
Secretary

(SEAL)

EXHIBIT B

Forms of Amended and Restated Governing Documents of ORHA

RESTATED ARTICLES OF INCORPORATION
OF
[NEW NAME OF OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC.]

Article 1. The name of the Corporation is **[New Name of Ottawa Regional Healthcare Affiliates, Inc.]** (the "**Corporation**"). The corporation is an Illinois business corporation, created on December 22, 2008, with the name Ottawa Regional Healthcare Affiliates, Inc.

Article 2. Agent Name: Roy M. Bossen
Agent Address: 222 N. LaSalle Street, Suite 300, Chicago, IL 60601

Article 3. Purpose:

a. The purposes of the Corporation are to engage in any lawful business or activity for which corporations may be incorporated under the Illinois Business Corporation Act, and to exercise all of the rights, powers and privileges now or hereafter conferred upon corporations organized under the laws of Illinois.

b. Notwithstanding any other provisions of these Articles, the Corporation shall, without exception, conduct its business, shall cause **[OR Cardinal Sleep]** (as defined below) to conduct its business, and shall exercise the powers reserved to it in the governing documents of **[ORMC]** (as defined below), to cause **[ORMC]** to conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, **[new name of Ottawa Regional Hospital and Healthcare Center]**, an Illinois not-for-profit corporation (the "**Sole Shareholder**"), **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company **[("OR Cardinal Sleep")]**, **[new name of Ottawa Regional Medical Center, Inc.]**, an Illinois corporation **[("ORMC")]**, or any other entity that is controlled by or is under common control with the Sole Shareholder, either directly or indirectly (each an "**Affiliated Corporation**," and collectively the "**Affiliated Corporations**"). The term "Scandal" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

AMENDED AND RESTATED CORPORATE BYLAWS
OF
[NEW NAME OF OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC.]

ARTICLE I.
NAME, OFFICES AND PURPOSES

1.1 Name.

The name of the Corporation is **[new name of Ottawa Regional Healthcare Affiliates, Inc.]** (the "**Corporation**"), an Illinois corporation.

1.2 Offices.

The location of the principal office of the Corporation shall be in the City of Ottawa, Illinois, and the Corporation may have other offices within or without the State of Illinois as the Board of Directors (the "**Board**") may from time to time determine. The Corporation shall have and continuously maintain in Illinois a registered office which may, but need not be, the same as its principal office, and a registered agent whose office address is identical with such registered office.

1.3 Purposes.

a) The purposes of the Corporation are to engage in any lawful business or activity for which corporations may be incorporated under the Illinois Business Corporation Act, and to exercise all of the rights, powers and privileges now or hereafter conferred upon corporations organized under the laws of Illinois.

b) Notwithstanding any other provisions of these Bylaws, the Corporation shall, without exception, conduct its business, shall cause **[OR Cardinal Sleep]** (as defined below) to conduct its business, and shall exercise the powers reserved to it in the governing documents of **[ORMC]** (as defined below), to cause **[ORMC]** to conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, **[new name of Ottawa Regional Hospital and Healthcare Center]**, an Illinois not-for-profit corporation (the "**Sole Shareholder**"), **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company **[("OR Cardinal Sleep")]**, **[new name of Ottawa Regional Medical Center, Inc.]**, an Illinois

corporation [("**ORMC**")], or any other entity that is controlled by or is under common control with the Sole Shareholder, either directly or indirectly (each an "**Affiliated Corporation,**" and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

ARTICLE II.
SOLE SHAREHOLDER

2.1 Sole Shareholder.

The sole shareholder of the Corporation shall be **[new name of Ottawa Regional Hospital and Healthcare Center]**. Any provision of law requiring notice to, the presence of, or the vote, consent, or other action of the Sole Shareholder of the Corporation in connection with such matter shall be satisfied by notice to, the presence of, or the vote, consent, or other action of the board of directors of the Sole Shareholder (the "**Sole Shareholder Board**").

2.2 Powers Reserved to the Sole Shareholder.

In addition to the rights and powers accorded a shareholder under the laws of the State of Illinois, the Articles of Incorporation of the Corporation, and these Bylaws, the following actions (the "**Reserved Powers**") shall be authorized only by a vote of the Sole Shareholder of the Corporation, which vote shall be taken only after considering the advice of the Board:

a) To establish, approve, or modify the philosophy, vision, values, and mission according to which the Corporation operates.

b) To lease, sell, encumber, or otherwise alienate any real property or interest in real property of the Corporation.

c) To approve any transfer, lease, sale, or encumbrance of personal property of the Corporation except in the ordinary course of business.

d) To approve any purchase or other acquisition by the Corporation that is not included in the consolidated operating and capital budgets of the Affiliated Corporations.

e) To approve any borrowing or debt financing on behalf of the Corporation in excess of a specified limit established by resolution of the Sole Shareholder, to structure and restructure indebtedness of the Corporation, and to enter into and amend agreements relating to indebtedness of the Corporation.

f) To require a certified audit of the finances of the Corporation and to appoint the certified public accountant to perform any audit.

g) To approve the engagement of and to dismiss any outside legal counsel to represent the Corporation on a regular basis or in connection with any matter deemed by the Sole Shareholder, in good faith, to have significance for the Sole Shareholder as a whole.

h) To appoint, reappoint or remove the members and officers of the Board.

i) To merge or consolidate the Corporation with other entities, merge other entities into the Corporation, or to dissolve the Corporation, in accordance with applicable law.

j) To amend the Articles of Incorporation and Bylaws of the Corporation in accordance with applicable law.

k) To expand, consolidate, terminate, or close any of the facilities and services of the Corporation.

l) To hire, enter into an employment contract with, discipline, or terminate the Chief Executive Officer of the Corporation.

m) To adopt the strategic plan for the Corporation.

n) To adopt or modify the operating budget and capital budget for any fiscal year for the Corporation (which operating and capital budgets shall be consolidated with the operating and capital budgets for each Affiliated Corporation, with a consolidating schedule for each Affiliated Corporation).

o) To approve the terms of and enter into joint ventures and other affiliations between the Corporation and third parties, and approve the creation, formation, organization, or termination of any legal entity in which the Corporation will have any ownership interest, membership interest, power to elect or appoint board members or officers, or any other formal participation arrangement, whether acting alone or in conjunction with any other person or entity.

p) To approve appointments to governing bodies of joint ventures between the Corporation and third parties and other legal entities in which the Corporation has any power to elect or appoint board members or officers.

q) To name or rename any healthcare facility owned and operated by the Corporation.

r) To issue equity interests or admit any new shareholder and the terms for such admission or issuance.

2.3 Action by the Sole Shareholder.

The Sole Shareholder shall act by executing and delivering to the Chairperson, Chief Executive Officer, or Secretary a written instrument or instruments, signed by an authorized officer of the Sole Shareholder, setting forth the action taken. The action of the Sole Shareholder shall be deemed to have been taken on the dates the written instruments are so delivered unless

the instruments provide otherwise. Any action taken by the Sole Shareholder on any matters described in Section 2.2 shall be immediately communicated to the Board.

2.4 Policies of the Sole Shareholder.

All policies of OSF and the Sole Shareholder shall apply with respect to the Corporation's governance, management, and operation. The Board shall not enact any policy that conflicts with or purports to nullify the effect of a policy of OSF or the Sole Shareholder without the approval of OSF or the Sole Shareholder, as applicable.

ARTICLE III.
BOARD OF DIRECTORS

3.1 General Powers.

Subject to the Reserved Powers, the management, control and operation of the affairs and properties of this Corporation shall vest and be in the Board. The Board shall have the power and authority to do and perform all acts or functions consistent with the Articles of Incorporation and Bylaws of the Corporation and any amendments thereto, and the laws of the State of Illinois. Among the powers exercised by the Board shall be the power, subject to the Reserved Powers, to coordinate the activities of **[ORMC]** pursuant to the powers reserved to the Corporation in the governing documents of **[ORMC]**, and the activities of **[OR Cardinal Sleep]** pursuant to the powers held by Corporation as the sole member of **[OR Cardinal Sleep]**, a member-managed limited liability company, all in furtherance of the purposes set forth herein. The Corporation shall exercise its reserved powers unless the Sole Shareholder grants written permission excusing the Corporation from the exercise of such reserved powers.

3.2 Additional Responsibilities.

The members of the Board shall also serve as members of the boards of directors of the Sole Shareholder, unless the Sole Shareholder determines otherwise. In their capacities as directors of the Sole Shareholder, the members of the Board shall manage the affairs of such corporation in accordance with its articles of incorporation and bylaws.

3.3 Number and Qualification.

a) Composition. The Board shall consist of the members of the Sole Shareholder Board, unless the Sole Shareholder determines otherwise.

b) Qualifications. Directors shall have the following qualifications:

(1) Commitment to the Philosophy, Mission, Values and Vision of the Sole Shareholder.

(2) Commitment to uphold the Catholic Code of Ethics in all dealings and deliberations pertaining to the Board's responsibilities.

(3) Knowledge and experience useful to the Corporation in maintaining its values and achieving its Mission, such as leadership skills, health care delivery knowledge, legal expertise or financial skills.

(4) Willingness to support the Corporation with a commitment of time necessary to become and remain informed concerning the issues confronting the Corporation and the ability to regularly attend Board meetings.

(5) Ability to be discreet in keeping Board discussions and business confidential.

(6) Ability to rise above the concerns of a particular constituency and represent the interest of the Corporation as a whole.

(7) Be of respectable character, have an interest in the Catholic health care delivery system and a deep concern and willingness to serve.

c) Election. The Sole Shareholder shall have the sole power to appoint or reappoint the members of the Board.

3.4 Term of Office.

a) The term of office for each director shall be contemporaneous with his or her term as a member of the Sole Shareholder Board.

b) Any director may be elected to succeed himself or herself, without limitation on the number of terms he or she may serve, provided that said director continues to satisfy the requirements for qualification specified in Section 3.3(b).

c) The term of office of any director shall commence when his or her term of office as a member of the Sole Shareholder Board begins.

d) The term of office of any director shall end when his or her term of office as a member of the Sole Shareholder Board expires.

3.5 Resignation of Directors.

Any director may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Unexcused absence from more than twenty-five percent (25%) of all regular and special Board meetings without a prior excuse from the Chairperson shall be an automatic resignation. A director may be excused from Board meeting attendance if such director is absent from the state, suffering from an acute illness or, in the discretion of the Chairperson, for any other excused absence. A resignation as a director of the Sole Shareholder shall be an automatic resignation as a director of the Corporation.

3.6 Removal of Directors.

Any director may be removed from office, with or without cause, by the Sole Shareholder. Any director removed from the Sole Shareholder Board shall be automatically removed from the Board.

3.7 Vacancies.

Any vacancy on the Board may be filled by the Sole Shareholder for the unexpired portion of the term.

3.8 Annual Meeting.

The annual meeting of the Board for the transaction of such business as may come before the Board, shall be held in December of each year or, in the discretion of the Chairperson, within sixty days of such regularly scheduled annual meeting and at such time and place as shall be determined by the Chairperson.

3.9 Regular Meetings.

Regular meetings of the Board shall be held at least quarterly at such time and place designated by the Chairperson by announcement at the preceding Board meeting, by written notice to the members of the Board by the Chairperson, or by resolution of the Board prescribing the time and place for regular meetings. The annual meeting may be counted as one of the quarterly meetings.

3.10 Special Meetings.

Special meetings of the Board may be called by or at the request of the Chairperson, the Vice-Chairperson, the Chief Executive Officer, or a majority of the directors then in office.

3.11 Notice.

a) Notice of any annual, regular or special meeting shall be given in writing by personal delivery, by United States mail, or by electronic mail to each director at least three days before the day on which the meeting is to be held. If given by United States mail, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at the address as shown in the records of the Corporation with postage thereon prepaid. If given by electronic mail, such notice shall be deemed to be delivered upon receipt by the sender of an electronic acknowledgment of delivery to the recipient at the electronic mail address of the recipient as shown in the records of the Corporation.

b) Notice may be waived in writing by any director either before or after the meeting. Attendance at any meeting by a director shall be deemed to be a waiver of notice unless the director intends to object to the transaction of business because the meeting is not lawfully convened.

c) Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

3.12 Quorum.

A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; provided, that if less than a majority of the directors are present, those directors present may adjourn the meeting from time to time without further notice. Any director may participate in and act at any meeting of the Board through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meetings shall constitute attendance and presence in person at the meeting of the person or persons so participating.

3.13 Manner of Acting.

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board except where otherwise provided by law or by these Bylaws. There shall be no voting by proxy.

3.14 Informal Action.

Any action required to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be provided by all of the directors then in office or all members of a committee of the Board, as the case may be. Written consent may be provided by electronic mail. All the approvals evidencing consent shall be delivered to the Secretary at such mailing or electronic mail address as the Secretary may designate to be filed in the records of the Corporation. The action shall be effective when all of the directors or the committee members, as the case may be, have approved the consent, unless the consent specifies a different effective date.

3.15 Procedure.

Robert's Rules of Order Revised (latest edition) shall govern procedure at all meetings of the Board and its committees where not covered expressly by these Bylaws.

3.16 Compensation.

Directors shall not receive compensation for their services as such, but may be reimbursed for *bona fide* expenses incurred arising out of services rendered. Nothing herein shall prohibit payment of compensation to an individual serving as a director who renders services to the Corporation in another capacity.

3.17 Conflict of Interest.

a) Any director, officer or key employee who has an interest in a contract or other transaction presented to the Board or a committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of such interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and

material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the Corporation's interest.

b) The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use any personal influence on, nor participate (other than to present factual information or to respond to questions) in, the discussions or deliberations with respect to such contract or transaction. Such person shall not be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation, and whether a quorum was present.

c) For the purposes of this Section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she is the party (or one of the parties) contracting or dealing with the Corporation, or is a director, trustee, manager, or officer of, or has a significant financial or influential interest in, an entity (other than an entity that controls, is controlled by, or is under common control with the Corporation, either directly or indirectly) contracting or dealing with the Corporation.

ARTICLE IV.
OFFICERS

4.1 Officers.

The officers of the Corporation shall be the officers of the Sole Shareholder. One person may hold two or more offices.

4.2 Election and Term of Office.

a) Each officer shall hold office contemporaneously with his or her term of office as an officer of the Sole Shareholder. All officers shall be appointed and reappointed by the Sole Shareholder.

b) An officer may be elected successively without limitation on the number of terms served.

c) The term of office of any officer shall commence when his or her term of office as an officer of the Sole Shareholder begins.

d) The term of office of any officer shall end when his or her term of office as an officer of the Sole Shareholder expires.

4.3 Resignation and Removal of Officers.

Any officer may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. A resignation as an officer of the Sole Shareholder shall be an automatic resignation as an officer of the Corporation.

Any officer may be removed by the Sole Shareholder whenever in the judgment of the Sole Shareholder the best interests of the Corporation will be served thereby. Any person removed as an officer of the Sole Shareholder shall be automatically removed as an officer of the Corporation.

4.4 Vacancies.

A vacancy in any elected office may be filled by the Sole Shareholder for the unexpired portion of the term.

4.5 Chairperson.

The Chairperson shall preside at all meetings of the Board. Subject to the Reserved Powers, the Chairperson may sign and execute, on behalf of the Corporation with the Secretary or any other proper officer of the Corporation authorized by the Board, any corporate records, documents and instruments. The Chairperson shall have and exercise, subject to the Reserved Powers, all powers usually incident to the office of the Chairperson of a business corporation and shall perform such other duties as may be delegated by the Board from time to time. The Chairperson must be a member of the Board.

4.6 Vice-Chairperson.

The Vice-Chairperson shall act as Chairperson in the absence or refusal of the Chairperson to act and when so acting the Vice-Chairperson shall have all of the powers and authority of the Chairperson. The Vice-Chairperson shall also perform, subject to the Reserved Powers, such other duties and functions as may be delegated by the Board. The Vice-Chairperson must be a member of the Board.

4.7 Chief Executive Officer.

Subject to the Reserved Powers and to such supervisory powers, if any, as may be given by the Board to the Chairperson, the chief executive officer of the Sole Shareholder shall serve as both the President and the Chief Executive Officer of the Corporation (the "**Chief Executive Officer**"), shall be the highest executive officer of the Corporation, shall, subject to the control of the Board and the Chairperson, have general supervision, direction and control of the business and affairs of the Corporation, and shall have the general powers and duties of management, including, but not limited to:

a) Advising and making recommendations to the Board relating of the operation of the Corporation and strategic planning;

b) Presenting a report at each annual meeting of the Board covering the operations during the preceding fiscal year;

c) Signing any deeds, bonds, contracts or other instruments which the Board has authorized to be executed by the Chief Executive Officer, either alone or with the Secretary or other officer of the Corporation, as authorized by the Board;

d) Attending and participating without vote in meetings of the Board;

e) Attending and participating without vote in meetings of the Executive Committee of the Board, if any;

f) Directing and supervising the activities and performance of subordinate executives of the Corporation in accordance with the management structure approved by the Board from time to time; and

g) Performing all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board.

4.8 Secretary.

Subject to the Reserved Powers, the Secretary shall sign documents of the Corporation from time to time as required; keep the minutes of the meetings of the Board and a record of actions of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents as required; and perform such additional duties as may be assigned by the Chief Executive Officer or delegated by the Board.

4.9 Treasurer.

Subject to the Reserved Powers, the Treasurer shall be responsible for the custody of the funds and securities of the Corporation; report to the Board respecting its financial condition and the handling of its monies and investments; and perform such additional duties as may be assigned by the Chief Executive Officer or delegated by the Board.

ARTICLE V.
COMMITTEES

5.1 Designation.

The Board may, by resolution, create committees as needed and define the activities thereof. Unless prohibited by law, the Articles of Incorporation, or these Bylaws, the Board may delegate authority to Board committees. Members of Board committees shall be appointed by the Chairperson unless otherwise provided for by these Bylaws or by resolution of the Board. Committees may include persons other than directors; provided, that Board committees shall include two or more directors, and a majority of the members of each Board committee shall be directors. The Chairperson shall be an *ex officio* voting member of all Board committees.

5.2 Term of Office.

Each member of a Board committee shall serve until the next annual meeting of the Board or until a successor is appointed.

5.3 Resignation and Removal.

Any committee member may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Any committee member may be removed by the Chairperson or by a majority vote of the Board.

5.4 Vacancies.

Vacancies in the membership of any committee shall be filled by the Chairperson.

5.5 Committee Chairperson.

The Chairperson shall serve as chairperson of the Executive Committee and designate one member of each other committee(s) to serve as chairperson of that committee.

5.6 Notice.

Committees shall meet at the call of the chairperson of the committee. Notice of any committee meeting shall be given at least three business days before the meeting is to be held. Notice of the meeting shall be either oral or in writing at the discretion of the committee chairperson, and if given in writing shall be given in the manner described in Section 3.11.

5.7 Quorum.

A majority of the committee membership shall constitute a quorum for the transaction of business at any meeting of the committee.

5.8 Manner of Acting.

The act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. A committee may also act by unanimous consent in writing without a meeting in the manner described in Section 3.14.

5.9 Minutes.

Each committee shall keep minutes of its meetings and shall regularly report to the Board.

5.10 Rules.

Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with actions by the Board.

5.11 Executive Committee.

a) The Executive Committee, if created by the Board, shall be composed of the members of the executive committee of the Sole Shareholder Board. The chairperson of the executive committee of the Sole Shareholder Board shall be the chairperson of the Executive Committee.

b) The Executive Committee shall serve during periods when the Board is not in session. The Executive Committee shall be authorized, subject to the Reserved Powers, to take such action as may be necessary on behalf of the Corporation.

ARTICLE VI.
FISCAL MATTERS

6.1 Fiscal Year.

The fiscal year of the Corporation shall commence on the first day of October and end on the last day of September, or such other dates as established by the Sole Shareholder from time to time.

6.2 Contracts.

Subject to the Reserved Powers, the Board may authorize officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation.

6.3 Loans.

No loans or borrowing shall be contracted for or on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Sole Shareholder. No loan shall be granted to any officer or director of the Corporation.

6.4 Checks and Drafts.

All checks, drafts, or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation or to the Corporation, shall be signed or endorsed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

6.5 Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select upon approval by the Sole Shareholder.

6.6 Books, Records and Accounts.

The Corporation shall keep or cause to be kept correct and complete books and records of account and shall also keep minutes of the proceedings and records of the actions of the Board and its committees. All books and records of the Corporation may be inspected by the Sole Shareholder or any member of the Board for any proper purpose at any reasonable time and upon prior request. In addition, the Corporation shall annually cause a certified audit of its accounts, in compliance with Section 2.2(f), to be made and shall cause to be filed the necessary reports, tax returns or other documents as may be required by law on its behalf.

ARTICLE VII.
INDEMNIFICATION

7.1 Power to Hold Harmless.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, with respect to any criminal action or proceeding that the person had reasonable cause to believe that his or her conduct was lawful.

7.2 Power to Indemnify Litigant.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

7.3 Reimbursement Authorized.

To the extent that a director, officer, employee or agent of the Corporation has been successful, on the merits or otherwise in the defense of any action, suit or proceeding referred to in Sections 7.1 or 7.2, or in defense of any claim, issue or matter therein, he or she shall be

indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

7.4 Determination if Reimbursement is Proper.

Any indemnification under Sections 7.1 or 7.2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 7.1 and 7.2. Such determination shall be made: (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the Sole Shareholder.

7.5 Advance of Expenses.

Expenses incurred in defending a civil or criminal action, suit or proceedings may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article.

7.6 Non-Exclusivity.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of the Sole Shareholder or disinterested directors, or otherwise, both as to action in his or her official capacity, and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

7.7 Right to Acquire Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or who is or was serving at the request of the Corporation as a director, officer employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE VIII.
CORPORATE SEAL

The Board shall adopt a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, the state of incorporation and the words "Corporate Seal".

ARTICLE IX.
AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, restated or repealed by the Sole Shareholder upon its own motion or upon a recommendation from the Board at any regular meeting or special meeting called for that purpose. These Bylaws shall be reviewed annually.

ADOPTED by the Board of Directors of **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, this _____ day of _____, 2012, at Ottawa, Illinois.

_____
Chairperson

ATTEST:

_____
Secretary

(SEAL)

EXHIBIT C

Forms of Amended and Restated Governing Documents of Ottawa Foundation

RESTATED ARTICLES OF INCORPORATION
OF
[NEW NAME OF OTTAWA REGIONAL HOSPITAL FOUNDATION]

Article 1. The name of the Corporation is **[new name of Ottawa Regional Hospital Foundation]** (the "**Corporation**"). The Corporation is an Illinois not-for-profit corporation, created on September 28, 1994, with the name Community Hospital of Ottawa Foundation. The name of the Corporation changed to Ottawa Regional Hospital Foundation pursuant to filing Articles of Amendment effective August 1, 2008.

Article 2. Agent Name: Robert Alan Chaffin
Agent Address: 1100 E. Norris Drive, Ottawa, IL 61350

Article 3. The sole member of the Corporation is **[new name of Ottawa Regional Hospital and Healthcare Center]**, an Illinois not-for-profit corporation.

Article 4. Purpose:

The purposes for which the Corporation is organized are: To promote, encourage and foster religious and charitable purposes and activities in the City of Ottawa and other communities (the "**Community**") served by **[new name of Ottawa Regional Hospital & Healthcare Center]**, an Illinois not-for-profit corporation (the "**Member**"); to foster, promote, support, develop, encourage, maintain, receive and accept funds for the construction, building, remodeling, support, administration, staffing, and any other legitimate purpose or function of, the Member and the Roman Catholic Church; and to establish, conduct, sponsor, acquire, own, maintain and operate such other entities and activities which, in the opinion of the Board and at its discretion will support the foregoing purposes; and to solicit and receive gifts and contributions for and on behalf of the Member and the Roman Catholic Church, and to support their charitable programs and activities through expenditure of such funds received. Notwithstanding anything to the contrary, the Corporation is organized and will operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of, the Member and the Roman Catholic Church in the Community.

No part of the net earnings of the Corporation shall inure to the benefit of any private individual; no part of the income of the Corporation shall be distributed to its individual members, directors, or officers; provided, however, that the payment of reasonable compensation for services rendered shall not be deemed a distribution of income. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of or against any candidate for public office.

The Corporation shall possess all powers which a corporation organized under the General Not For Profit Corporation Act of the State of Illinois, as the same from time to time may be amended, may possess, including the power to use, distribute, contribute, expend, donate, apply and appropriate all of its property and assets, and all proceeds and avails thereof, and income and profit derived therefrom, exclusively for charitable, educational, scholastic, religious or scientific

purposes; provided, however, the Corporation shall not engage in any business which would disqualify it from being exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or the corresponding provision of any future United States Internal Revenue law, as an organization described in Section 501(c)(3) of the Code.

Notwithstanding any other provisions of these Articles, no assets of the Corporation shall be donated, distributed, applied to, paid over or otherwise used or employed in any manner which would disqualify the Corporation from being exempt from taxation as an organization described in Section 501(c)(3) of the Code.

Notwithstanding any other provisions of these Articles, the Corporation shall, without exception, conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, the Member, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Medical Center, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company, or any other entity that is controlled by or is under common control with the Member, either directly or indirectly (each an "**Affiliated Corporation**," and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

Article 5. Dissolution:

In the event of the dissolution or liquidation of the Corporation, and after payment of its just debts and liabilities, all remaining assets shall be distributed to the Member, if the Member is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Member is not then exempt, to OSF, if OSF is then exempt as an organization described in Section 501(c)(3) of the Code, or, if OSF is not then exempt, to the Third Order, if the Third Order is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Third Order is not then exempt, to such other organization or organizations as determined by the Member which are organized and operated exclusively for charitable, educational, scholastic, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code.

AMENDED AND RESTATED CORPORATE BYLAWS
OF
[NEW NAME OF OTTAWA REGIONAL HOSPITAL FOUNDATION]

ARTICLE I
NAME, OFFICES AND PURPOSES

1.1. Name.

The name of the Corporation is **[new name of Ottawa Regional Hospital Foundation]** (the "**Corporation**"), an Illinois not-for-profit corporation.

1.2. Offices.

The location of the principal office of the Corporation shall be in the City of Ottawa, Illinois, and the Corporation may have other offices within or without the State of Illinois as the Board of Directors (the "**Board**") may from time to time determine. The Corporation shall have and continuously maintain in Illinois a registered office which may, but need not be, the same as its principal office, and a registered agent whose office address is identical with such registered office.

1.3. Purposes.

(a) The purposes for which the Corporation is organized are: To promote, encourage and foster religious and charitable purposes and activities in the City of Ottawa and other communities (the "**Community**") served by **[new name of Ottawa Regional Hospital & Healthcare Center]**, an Illinois not-for-profit corporation (the "**Member**"); to foster, promote, support, develop, encourage, maintain, receive and accept funds for the construction, building, remodeling, support, administration, staffing, and any other legitimate purpose or function of, the Member and the Roman Catholic Church; and to establish, conduct, sponsor, acquire, own, maintain and operate such other entities and activities which, in the opinion of the Board and at its discretion will support the foregoing purposes; and to solicit and receive gifts and contributions for and on behalf of the Member and the Roman Catholic Church, and to support their charitable programs and activities through expenditure of such funds received. Notwithstanding anything to the contrary, the Corporation is organized and will operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of, the Member and the Roman Catholic Church in the Community.

(b) No part of the net earnings of the Corporation shall inure to the benefit of any private individual; no part of the income of the Corporation shall be distributed to its individual members, directors, or officers; provided, however, that the payment of reasonable compensation for services rendered shall not be deemed a distribution of income. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of or against any candidate for public office.

(c) The Corporation shall possess all powers which a corporation organized under the General Not For Profit Corporation Act of the State of Illinois, as the same from time to time may be amended, may possess, including the power to use, distribute, contribute, expend, donate, apply and appropriate all of its property and assets, and all proceeds and avails thereof, and income and profit derived therefrom, exclusively for charitable, educational, scholastic, religious or scientific purposes; provided, however, the Corporation shall not engage in any business which would disqualify it from being exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or the corresponding provision of any future United States Internal Revenue law, as an organization described in Section 501(c)(3) of the Code.

(d) Notwithstanding any other provisions of these Bylaws, no assets of the Corporation shall be donated, distributed, applied to, paid over or otherwise used or employed in any manner which would disqualify the Corporation from being exempt from taxation as an organization described in Section 501(c)(3) of the Code.

(e) Notwithstanding any other provisions of these Bylaws, the Corporation shall, without exception, conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, the Member, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Medical Center, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company, or any other entity that is controlled by or is under common control with the Member, either directly or indirectly (each an "**Affiliated Corporation**," and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

1.4. Dissolution.

In the event of the dissolution or liquidation of the Corporation, and after payment of its just debts and liabilities, all remaining assets shall be distributed to the Member, if the Member is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Member is not then exempt, to OSF, if OSF is then exempt as an organization described in Section 501(c)(3) of the Code, or, if OSF is not then exempt, to the Third Order, if the Third Order is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Third Order is not then exempt, to such other organization or organizations as determined by the Member which are

organized and operated exclusively for charitable, educational, scholastic, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code.

ARTICLE II
MEMBER

2.1. Sole Corporate Member.

The sole member of the Corporation shall be **[new name of Ottawa Regional Hospital & Healthcare Center]**. Any provision of law requiring notice to, the presence of, or the vote, consent, or other action of the Member of the Corporation in connection with such matter shall be satisfied by notice to, the presence of, or the vote, consent, or other action of the Board of Directors of the Member (the "**Member Board**").

2.2. Powers Reserved to the Member.

In addition to the rights and powers accorded a member under the Illinois General Not For Profit Corporation Act, the Articles of Incorporation of the Corporation, and these Bylaws, the following actions (the "**Reserved Powers**") shall be authorized only by a vote of the Member of the Corporation, which vote shall be taken only after considering the advice of the Board:

(a) To establish, approve, or modify the philosophy, vision, values, and mission according to which the Corporation operates.

(b) To lease, sell, encumber, or otherwise alienate any real property or interest in real property of the Corporation.

(c) To approve any transfer, lease, sale, or encumbrance of personal property of the Corporation except in the ordinary course of business.

(d) To approve any purchase or other acquisition by the Corporation that is not included in the consolidated operating and capital budgets of the Affiliated Corporations.

(e) To approve any borrowing or debt financing on behalf of the Corporation in excess of a specified limit established by resolution of the Member, to structure and restructure indebtedness of the Corporation, and to enter into and amend agreements relating to indebtedness of the Corporation.

(f) To require a certified audit of the finances of the Corporation and to appoint the certified public accountant to perform any audit.

(g) To approve the engagement of and to dismiss any outside legal counsel to represent the Corporation on a regular basis or in connection with any matter deemed by the Member, in good faith, to have significance for the Member as a whole.

(h) To appoint, reappoint or remove the members and officers of the Board, following nomination by the Board, except that the Board shall not nominate the Chief Executive Officer

or the OSF Appointees (as defined in Article III, Section 2(a)(3)), and except that only the OSF Board Members (as such term is defined in the bylaws of the Member) shall appoint, reappoint, or remove the OSF Appointees.

(i) To merge or consolidate the Corporation with other entities, merge other entities into the Corporation, or to dissolve the Corporation, in accordance with applicable law.

(j) To amend the Articles of Incorporation and Bylaws of the Corporation in accordance with applicable law.

(k) To expand, consolidate, terminate, or close any of the facilities and services of the Corporation.

(l) To hire, enter into an employment contract with, discipline, or terminate the Chief Executive Officer of the Corporation.

(m) To adopt the strategic plan for the Corporation.

(n) To adopt or modify the operating budget and capital budget for any fiscal year for the Corporation (which operating and capital budgets shall be consolidated with the operating and capital budgets for each Affiliated Corporation, with a consolidating schedule for each Affiliated Corporation).

(o) To approve the terms of and enter into joint ventures and other affiliations between the Corporation and third parties, and approve the creation, formation, organization, or termination of any legal entity in which the Corporation will have any ownership interest, membership interest, power to elect or appoint board members or officers, or any other formal participation arrangement, whether acting alone or in conjunction with any other person or entity.

(p) To approve appointments to governing bodies of joint ventures between the Corporation and third parties and other legal entities in which the Corporation has any power to elect or appoint board members or officers.

(q) To take any and all actions deemed necessary, in the sole judgment of the Member Board to protect and preserve the tax-exempt status and public charity status of the Corporation or the Member and any tax-exempt affiliate of the Corporation or the Member (including federal and state income tax exemptions, property tax exemptions, and sales tax exemptions); provided the Member Board has given a written request to the Board to take action or refrain from taking action, which would have sufficiently protected and preserved such tax-exempt and public charity status, and the Board has failed to promptly take such action or refrain from taking such action.

(r) To take any and all actions deemed necessary, in the sole judgment of the Member Board, for any and all members of the Obligated Group to comply with its master trust indenture, loan agreements, tax agreements, and all other covenants and agreements relating to any Obligated Group financing; provided the Member Board has given a written request to the Board to take action or refrain from taking action, to so comply, and the Board has failed to promptly take such action or refrain from taking such action. The term "**Obligated Group**" means OSF

and any other natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity that becomes a member of the obligated group pursuant to that certain Amended and Restated Master Trust Indenture dated as of September 15, 1999 between OSF and Wells Fargo Bank, National Association, as successor master trustee, as heretofore or hereafter supplemented and amended.

2.3. Action by the Member.

The Member shall act by executing and delivering to the Chairperson, Chief Executive Officer, or Secretary a written instrument or instruments, signed by an authorized officer of the Member, setting forth the action taken. The action of the Member shall be deemed to have been taken on the dates the written instruments are so delivered unless the instruments provide otherwise. Any action taken by the Member on any matters described in Section 2 of this Article shall be immediately communicated to the Board.

2.4. Policies of the Member.

All policies of OSF and the Member shall apply with respect to the Corporation's governance, management, and operation. The Board shall not enact any policy that conflicts with or purports to nullify the effect of a policy of OSF or the Member without the approval of OSF or the Member, as applicable.

ARTICLE III
BOARD OF DIRECTORS

3.1. General Powers.

Subject to the Reserved Powers, the management, control and operation of the affairs and properties of this Corporation shall vest and be in the Board. The Board shall have the power and authority to do and perform all acts or functions consistent with the Articles of Incorporation and Bylaws of the Corporation and any amendments thereto, and the laws of the State of Illinois.

3.2. Number and Qualification.

(a) Composition. The Board shall consist of thirteen to eighteen directors, not including the chief executive officer of the Member, who shall serve as a non-voting *ex officio* member of the Board. When vacancies on the Board occur by reason of death, resignation, or otherwise, the number shall be reduced by such vacancies until qualified replacements are elected or appointed for the unexpired term. All directors shall have the equal right to vote, except that the chief executive officer of the Member shall not have the right to vote. A majority of the members of the Board shall at all times be residents of the Member's service area. Otherwise, directors need not be residents of the State of Illinois. Physicians who are members of the medical staff of the hospital owned and operated by the Member, and current or former employees of OSF or any Affiliated Corporation shall not be considered residents of the Member's service area for purposes of this Section. The initial Board established upon adoption of these amended and restated Bylaws shall be composed of the following individuals:

(1) The chief executive officer of the Member, who shall serve *ex officio*, without vote;

(2) The six Community Board Members, as such term is defined in the bylaws of the Member, who shall serve *ex officio*, with vote;

(3) Two persons appointed by the OSF Board Members, as such term is defined in the bylaws of the Member (the "**OSF Appointees**"); and

(4) Five persons named by agreement of the Member and OSF pursuant to the Affiliation Agreement among OSF and the Affiliated Corporations other than the Auxiliary, dated January 11, 2012 (the "**Affiliation Agreement**").

(b) Qualifications. Directors shall have the following qualifications:

(1) Commitment to the Philosophy, Mission, Values and Vision of the Member.

(2) Commitment to uphold the Catholic Code of Ethics in all dealings and deliberations pertaining to the Board's responsibilities.

(3) Knowledge and experience useful to the Corporation in maintaining its values and achieving its Mission, such as leadership skills, health care delivery knowledge, legal expertise or financial skills.

(4) Willingness to support the Corporation with a commitment of time necessary to become and remain informed concerning the issues confronting the Corporation and the ability to regularly attend Board meetings.

(5) Ability to be discreet in keeping Board discussions and business confidential.

(6) Ability to rise above the concerns of a particular constituency and represent the interest of the Corporation as a whole.

(7) Be of respectable character, have an interest in the Catholic health care delivery system and a deep concern and willingness to serve.

3.3. Election.

Upon expiration of the terms of the initial Board members named in the Affiliation Agreement other than those serving *ex officio*, the Board shall submit to the Member nominations to fill the seats previously held by, or seek reappointment of, the members of the Board other than the OSF Appointees and those serving *ex officio*. Upon expiration of the terms of the initial OSF Appointees named in the Affiliation Agreement, the OSF Board Members (as such term is defined in the bylaws of the Member) shall appoint persons to fill the seats previously held by, or reappoint, the initial OSF Appointees.

3.4. Term of Office.

(a) The term of office for each director (other than those serving *ex officio*) shall be three (3) years or until his or her successor shall have been duly elected. However, notwithstanding the aforementioned, for the first term in which these amended and restated Bylaws are in force and effect: (1) two of the initial directors who are not Community Board Members shall each serve a one year term; (2) two of the initial directors who are not Community Board Members (including one OSF Appointee) shall each serve a two year term; and (3) three of the initial directors who are not Community Board Members (including one OSF Appointee) shall each serve a three year term. Thereafter, all directors shall be elected for a three year term.

(b) Any OSF Appointee may be appointed to succeed himself or herself, without limitation on the number of terms he or she may serve, provided that said director continues to satisfy the requirements for qualification specified in Section 2(b) of this Article. Each other director may be elected to succeed himself or herself, up to a maximum of three (3) consecutive terms, provided that said director continues to satisfy the requirements for qualification specified in Section 2(b) of this Article.

(c) The term of office of all directors shall commence immediately following the meeting at which they were elected by the Member.

(d) The term of office of any director shall end at the close of the annual meeting held during the year in which such director's term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

3.5. Resignation of Directors.

Any director may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Unexcused absence from more than twenty-five percent (25%) of all regular and special Board meetings without a prior excuse from the Chairperson shall be an automatic resignation. A director may be excused from Board meeting attendance if such director is absent from the state, suffering from an acute illness or, in the discretion of the Chairperson, for any other excused absence. A resignation by a Community Board Member, as such term is defined in the bylaws of the Member, as a director of the Member shall be an automatic resignation as a director of the Corporation.

3.6. Removal of Directors.

Any director may be removed from office, with or without cause, by the Member; provided that an OSF Appointee may be removed from office only by the OSF Board Members (as such term is defined in the bylaws of the Member); and provided further that any director who is an employee of OSF or any Affiliated Corporation shall be deemed removed upon the termination of his or her employment. Any Community Board Member, as such term is defined in the bylaws of the Member, removed from the Member Board shall be automatically removed from the Board.

3.7. Vacancies.

Any vacancy on the Board, other than a vacancy in a seat held by an OSF Appointee, may be filled by the Member for the unexpired portion of the term. Any vacancy in a seat held by an OSF Appointee may be filled by the OSF Board Members (as such term is defined in the bylaws of the Member) for the unexpired portion of the term.

3.8. Annual Meeting.

The annual meeting of the Board for the nomination of directors and officers and the transaction of such business as may come before the Board, shall be held in December of each year or, in the discretion of the Chairperson, within sixty days of such regularly scheduled annual meeting and at such time and place as shall be determined by the Chairperson.

3.9. Regular Meetings.

Regular meetings of the Board shall be held at least quarterly at such time and place designated by the Chairperson by announcement at the preceding Board meeting, by written notice to the members of the Board by the Chairperson or Vice-Chairperson, or by resolution of the Board prescribing the time and place for regular meetings. The annual meeting may be counted as one of the quarterly meetings.

3.10. Special Meetings.

Special meetings of the Board may be called by or at the request of the Chairperson, the Vice-Chairperson, the Chief Executive Officer, or a majority of the directors then in office.

3.11. Notice.

(a) Notice of any annual, regular or special meeting shall be given in writing by personal delivery, by United States mail, or by electronic mail to each director at least three days before the day on which the meeting is to be held. If given by United States mail, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at the address as shown in the records of the Corporation with postage thereon prepaid. If given by electronic mail, such notice shall be deemed to be delivered upon receipt by the sender of an electronic acknowledgment of delivery to the recipient at the electronic mail address of the recipient as shown in the records of the Corporation.

(b) Notice may be waived in writing by any director either before or after the meeting. Attendance at any meeting by a director shall be deemed to be a waiver of notice unless the director intends to object to the transaction of business because the meeting is not lawfully convened.

(c) Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

3.12. Quorum.

A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; provided, that if less than a majority of the directors are present, those directors present may adjourn the meeting from time to time without further notice. Any director may participate in and act at any meeting of the Board through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meetings shall constitute attendance and presence in person at the meeting of the person or persons so participating.

3.13. Manner of Acting.

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board except where otherwise provided by law or by these Bylaws. There shall be no voting by proxy.

3.14. Informal Action.

Any action required to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be provided by all of the directors then in office or all members of a committee of the Board, as the case may be. Written consent may be provided by electronic mail. All the approvals evidencing consent shall be delivered to the Secretary at such mailing or electronic mail address as the Secretary may designate to be filed in the records of the Corporation. The action shall be effective when all of the directors or the committee members, as the case may be, have approved the consent, unless the consent specifies a different effective date.

3.15. Procedure.

Robert's Rules of Order Revised (latest edition) shall govern procedure at all meetings of the Board and its committees where not covered expressly by these Bylaws.

3.16. Compensation.

Directors shall not receive compensation for their services as such, but may be reimbursed for *bona fide* expenses incurred arising out of services rendered. Nothing herein shall prohibit payment of compensation to an individual serving as a director who renders services to the Corporation in another capacity.

3.17. Conflict of Interest.

(a) Any director, officer or key employee who has an interest in a contract or other transaction presented to the Board or a committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of such interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the Corporation's interest.

(b) The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use any personal influence on, nor participate (other than to present factual information or to respond to questions) in, the discussions or deliberations with respect to such contract or transaction. Such person shall not be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation, and whether a quorum was present.

(c) For the purposes of this Section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she is the party (or one of the parties) contracting or dealing with the Corporation, or is a director, trustee, manager, or officer of, or has a significant financial or influential interest in, an entity (other than an entity that controls, is controlled by, or is under common control with the Corporation, either directly or indirectly) contracting or dealing with the Corporation.

ARTICLE IV
OFFICERS

4.1. Officers.

The officers of the Corporation shall be a Chairperson, a Vice-Chairperson, a Secretary, a Treasurer, and an individual who is both the President and the Chief Executive Officer (the "**Chief Executive Officer**"). The Board may nominate additional officers as it shall deem desirable. Unless specifically provided in these Bylaws, an officer need not be a director. One person may hold two or more offices.

4.2. Election and Term of Office.

The initial officers shall be named by agreement of the Member and OSF pursuant to the Affiliation Agreement. Upon expiration of the initial term of the then-current Vice-Chairperson, the Vice-Chairperson shall be nominated by the Board at the annual meeting of the Board, which nomination shall be submitted to the Member for consideration and approval. Upon expiration of the initial terms of the then-current Secretary, Treasurer and such other officers as established by the Board pursuant to Section 1 of this Article IV, the Secretary, Treasurer, and other officers shall be elected by the Board, except as otherwise provided, at the annual meeting of the Board. The Vice-Chairperson shall automatically become the Chairperson at the conclusion of his or her term as Vice-Chairperson. The Chief Executive Officer shall be appointed by the Member without nomination by the Board. Each officer shall hold office for a term of one year or until a successor is elected, unless such officer shall sooner resign or be removed.

(a) An officer may be elected successively without limitation on the number of terms served.

(b) The term of office of all officers shall commence immediately following the meeting at which they were elected by the Member or the Board, as applicable.

(c) The term of office of any officer shall end at the close of the annual meeting held during the year in which the term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

4.3. Resignation and Removal of Officers.

Any officer may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Any officer may be removed by the Member whenever in the judgment of the Member the best interests of the Corporation will be served thereby.

4.4. Vacancies.

A vacancy in any elected office may be filled by the Member for the unexpired portion of the term.

4.5. Chairperson.

The Chairperson shall preside at all meetings of the Board. Subject to the Reserved Powers, the Chairperson may sign and execute, on behalf of the Corporation with the Secretary or any other proper officer of the Corporation authorized by the Board, any corporate records, documents and instruments. The Chairperson shall have and exercise, subject to the Reserved Powers, all powers usually incident to the office of the Chairperson of a not-for-profit corporation and shall perform such other duties as may be delegated by the Board from time to time. The Chairperson must be a member of the Board.

4.6. Vice-Chairperson.

The Vice-Chairperson shall act as Chairperson in the absence or refusal of the Chairperson to act and when so acting the Vice-Chairperson shall have all of the powers and authority of the Chairperson. The Vice-Chairperson shall also perform, subject to the Reserved Powers, such other duties and functions as may be delegated by the Board. The Vice-Chairperson must be a member of the Board.

4.7. Chief Executive Officer.

Subject to the Reserved Powers and to such supervisory powers, if any, as may be given by the Board to the Chairperson, the Chief Executive Officer shall be the highest executive officer of the Corporation and shall, subject to the control of the Board and of the chief executive officer of the Member, have general supervision, direction and control of the business and affairs of the Corporation and shall have the general powers and duties of management, including, but not limited to:

(a) Advising and making recommendations to the Board relating of the operation of the Corporation and strategic planning.

(b) Presenting a report at each annual meeting of the Board covering the operations during the preceding fiscal year.

(c) Signing any deeds, bonds, contracts or other instruments which the Board has authorized to be executed by the Chief Executive Officer, either alone or with the Secretary or other officer of the Corporation, as authorized by the Board.

(d) Attending and participating without vote in meetings of the Board.

(e) Attending and participating without vote in meetings of the Executive Committee of the Board, if any.

(f) Directing and supervising the activities and performance of subordinate executives of the Corporation in accordance with the management structure approved by the Board from time to time.

(g) Performing all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board.

4.8. Secretary.

Subject to the Reserved Powers, the Secretary shall sign documents of the Corporation from time to time as required; keep the minutes of the meetings of the Board and a record of actions of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents as required; and perform such additional duties as may be assigned by the Chief Executive Officer or delegated by the Board.

4.9. Treasurer.

Subject to the Reserved Powers, the Treasurer shall be responsible for the custody of the funds and securities of the Corporation; report to the Board respecting its financial condition and the handling of its monies and investments; and perform such additional duties as may be assigned by the Chief Executive Officer or delegated by the Board.

ARTICLE V
COMMITTEES

5.1. Designation.

The Board may, by resolution, create committees as needed and define the activities thereof. Unless prohibited by law, the Articles of Incorporation, or these Bylaws, the Board may delegate authority to Board committees. Members of Board committees shall be appointed by the Chairperson unless otherwise provided for by these Bylaws or by resolution of the Board. Committees may include persons other than directors; provided, that Board committees shall include two or more directors, and a majority of the members of each Board committee shall be directors.

5.2. Term of Office.

Each member of a Board committee shall serve until the next annual meeting of the Board or until a successor is appointed.

5.3. Resignation and Removal.

Any committee member may resign at any time by giving written notice to the Chairperson or Secretary. Such resignation shall take effect at the time specified therein. Any committee member may be removed by the Chairperson or by a majority vote of the Board.

5.4. Vacancies.

Vacancies in the membership of any committee shall be filled by the Chairperson.

5.5. Committee Chairperson.

The Chairperson shall serve as chairperson of the Executive Committee and designate one member of each other committee(s) to serve as chairperson of that committee.

5.6. Notice.

Committees shall meet at the call of the chairperson of the committee. Notice of any committee meeting shall be given at least three business days before the meeting is to be held. Notice of the meeting shall be either oral or in writing at the discretion of the committee chairperson, and if given in writing shall be given in the manner described in Article III Section 11 hereof.

5.7. Quorum.

A majority of the committee membership shall constitute a quorum for the transaction of business at any meeting of the committee.

5.8. Manner of Acting.

The act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. A committee may also act by unanimous consent in writing without a meeting in the manner described in Article III Section 14 hereof.

5.9. Minutes.

Each committee shall keep minutes of its meetings and shall regularly report to the Board.

5.10. Rules.

Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with actions by the Board.

5.11. Executive Committee.

(a) The Executive Committee, if created by the Board, shall be composed of not less than three members and not more than seven members, including the Chairperson and other members selected from among the directors by the Chairperson. The Chairperson shall be the chairperson of the Executive Committee.

(b) The Executive Committee shall serve during periods when the Board is not in session. The Executive Committee shall be authorized, subject to the Reserved Powers, to take such action as may be necessary on behalf of the Corporation.

ARTICLE VI
FISCAL MATTERS

6.1. Fiscal Year.

The fiscal year of the Corporation shall commence on the first day of October and end on the last day of September, or such other dates as established by OSF from time to time so as to keep contemporaneous the fiscal year of the Corporation with the fiscal years of the other members of the Obligated Group.

6.2. Contracts.

Subject to the Reserved Powers, the Board may authorize officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation.

6.3. Loans.

No loans or borrowing shall be contracted for or on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Member. No loan shall be granted to any officer or director of the Corporation.

6.4. Checks and Drafts.

All checks, drafts, or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation or to the Corporation, shall be signed or endorsed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

6.5. Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select upon approval by the Member.

6.6. Books, Records and Accounts.

The Corporation shall keep or cause to be kept correct and complete books and records of account and shall also keep minutes of the proceedings and records of the actions of the Board and its committees. All books and records of the Corporation may be inspected by the Member or any member of the Board for any proper purpose at any reasonable time upon prior request. In addition, the Corporation shall annually cause a certified audit of its accounts, in compliance with Article II, Section 2(f) of these Bylaws, to be made and shall cause to be filed the necessary reports, tax returns or other documents as may be required by law on its behalf.

6.7. Use of Investment Yield, Committed Principal, and Funded Depreciation.

(a) Subject to any restrictions imposed by donors of funds or assets, the Board shall distribute the sum of dividend and interest income and realized gains and losses (as determined by generally accepted accounting principles and applicable laws regarding allocations between principal and income) (the "**Investment Yield**") on the sum of those assets (restricted and unrestricted), cash, and investments held by the Corporation as of the Closing Date (as such term is defined in the Affiliation Agreement) (including the portion of the Ottawa Funded Depreciation (as such term is defined in the Affiliation Agreement) transferred to the Corporation pursuant to the Affiliation Agreement (the "**Funded Depreciation**")), and those funds received by the Corporation after the Closing Date from the Member or as a result of its fund-raising activities (the "**Committed Principal**") at least annually to the supported organizations described in Section 1.3(a), in support of programs, capital improvements, and services of such organizations, as deemed appropriate or necessary by the Board.

(b) Subject to any restrictions imposed by donors of funds or assets, the Board may distribute at any time all or any part of the Committed Principal which it holds (as determined by generally accepted accounting principles and applicable laws regarding allocations between principal and income), for the benefit of the programs, services, and capital improvements of the supported organizations described in Section 1.3(a). Any distribution of Committed Principal shall require the approval of the Board. The Board may restrict the assets held by the Corporation as of the Closing Date (not including the Funded Depreciation) to the support of healthcare programs and services provided by the Member. Subject to Section 6.7(c), the Funded Depreciation shall be used solely for the support of new, and/or the expansion of, healthcare programs and services provided by the Member, as approved by the Board, consistent with the recommendations of the Member Board.

(c) Any amount of the Funded Depreciation remaining on hand after five (5) years following the Closing Date shall be transferred without restriction to the Member for use in supporting the healthcare programs and services provided by the Member, as determined by the Member Board.

(d) Expenses associated with managing and operating the Corporation and its Committed Principal (which expenses the Board shall manage so as to be reasonable and customary for foundations of similar size) shall be paid out of the Investment Yield.

(e) All Committed Principal shall be invested in accordance with an investment policy approved by the Member following a recommendation by the Board.

ARTICLE VII
GIFT MODIFICATION

Whenever any gift made to the Corporation for a particular purpose or for a particular institution appears to be impossible of execution or extremely impractical, the Board shall obtain consultation as to the legality of a similar but not identical use and as to the necessity of obtaining an order of a court of competent jurisdiction to vary the specified use of the fund or asset comprising the gift.

ARTICLE VIII
INDEMNIFICATION

8.1. Power to Hold Harmless.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, with respect to any criminal action or proceeding that the person had reasonable cause to believe that his or her conduct was lawful.

8.2. Power to Indemnify Litigant.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such

person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

8.3. Reimbursement Authorized.

To the extent that a director, officer, employee or agent of the Corporation has been successful, on the merits or otherwise in the defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

8.4. Determination if Reimbursement is Proper.

Any indemnification under Sections 1 or 2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article. Such determination shall be made: (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the Member.

8.5. Advance of Expenses.

Expenses incurred in defending a civil or criminal action, suit or proceedings may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article.

8.6. Non-Exclusivity.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of the Member or disinterested directors, or otherwise, both as to action in his or her official capacity, and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

8.7. Right to Acquire Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or who is or was serving at the request of the Corporation as a director, officer employee or agent of another corporation,

partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE IX
CORPORATE SEAL

The Board shall adopt a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, the state of incorporation and the words "Corporate Seal".

ARTICLE X
AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, restated or repealed by the Member upon its own motion or upon a recommendation from the Board at any regular meeting or special meeting called for that purpose. These Bylaws shall be reviewed annually.

ADOPTED by the Board of Directors of **[new name of Ottawa Regional Hospital Foundation]**, this _____ day of _____, 2012, at Ottawa, Illinois.

_____
Chairperson

ATTEST:

_____
Secretary

(SEAL)

EXHIBIT D

Forms of Amended and Restated Governing Documents of Ottawa Auxiliary

RESTATED ARTICLES OF INCORPORATION
OF
[NEW NAME OF OTTAWA REGIONAL HOSPITAL AUXILIARY]

Article 1. The name of the Corporation is **[New Name of Ottawa Regional Hospital Auxiliary]** (the "**Corporation**"). The Corporation is an Illinois not-for-profit corporation, created on October 28, 1991, with the name Community Hospital of Ottawa Auxiliary. The name of the Corporation changed to Ottawa Regional Hospital Auxiliary pursuant to filing Articles of Amendment effective July 28, 2008.

Article 2. Agent Name: Robert Alan Chaffin
Agent Address: 1100 E. Norris Drive, Ottawa, IL 61350

Article 3. The sole member of the Corporation is **[new name of Ottawa Regional Hospital and Healthcare Center],** an Illinois not-for-profit corporation.

Article 4. Purpose:

a. The purposes for which the Corporation is organized are: To promote, encourage and foster religious and charitable purposes and activities; to foster, promote, support, develop, encourage, maintain, receive and accept funds for the construction, building, remodeling, support, administration, staffing, and any other legitimate purpose or function of **[new name of Ottawa Regional Hospital & Healthcare Center]**, an Illinois not-for-profit corporation (the "**Hospital**"), and the Roman Catholic Church; and to establish, conduct, sponsor, acquire, own, maintain and operate such other entities and activities which, in the opinion of the Board and at its discretion will support the foregoing purposes; and to solicit and receive gifts and contributions for and on behalf of the Hospital and the Roman Catholic Church, and to support their charitable programs and activities through expenditure of such funds received. Notwithstanding anything to the contrary, the Corporation is organized and will operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of, the Hospital and the Roman Catholic Church.

b. No part of the net earnings of the Corporation shall inure to the benefit of any private individual; no part of the income of the Corporation shall be distributed to its individual members, directors, or officers; provided, however, that the payment of reasonable compensation for services rendered shall not be deemed a distribution of income. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of or against any candidate for public office.

c. The Corporation shall possess all powers which a corporation organized under the General Not For Profit Corporation Act of the State of Illinois, as the same from time to time may be amended, may possess, including the power to use, distribute, contribute, expend, donate, apply and appropriate all of its property and assets, and all proceeds and avails thereof, and income and profit derived therefrom, exclusively for

charitable, educational, scholastic, religious or scientific purposes; provided, however, the Corporation shall not engage in any business which would disqualify it from being exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or the corresponding provision of any future United States Internal Revenue law, as an organization described in Section 501(c)(3) of the Code.

d. Notwithstanding any other provisions of these Articles, no assets of the Corporation shall be donated, distributed, applied to, paid over or otherwise used or employed in any manner which would disqualify the Corporation from being exempt from taxation as an organization described in Section 501(c)(3) of the Code.

e. Notwithstanding any other provisions of these Articles, the Auxiliary shall, without exception, conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Auxiliary, the Hospital, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Medical Center, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company, or any other entity that is controlled by or is under common control with the Hospital, either directly or indirectly (each an "**Affiliated Corporation,**" and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

Article 5. Dissolution:

In the event of the dissolution or liquidation of the Corporation, and after payment of its just debts and liabilities, all remaining assets shall be distributed to the Hospital, if the Hospital is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Hospital is not then exempt, to OSF, if OSF is then exempt as an organization described in Section 501(c)(3) of the Code, or, if OSF is not then exempt, to the Third Order, if the Third Order is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Third Order is not then exempt, to such other organization or organizations as determined by the Hospital which are organized and operated exclusively for charitable, educational, scholastic, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code.

AMENDED AND RESTATED CORPORATE BYLAWS
OF
[NEW NAME OF OTTAWA REGIONAL HOSPITAL AUXILIARY]

ARTICLE I
NAME, OFFICES AND PURPOSES

1.1. Name.

The name of the corporation is **[new name of Ottawa Regional Hospital Auxiliary]** (the "**Auxiliary**"), an Illinois not-for-profit corporation.

1.2. Offices.

The location of the principal office of the Auxiliary shall be in the City of Ottawa, Illinois, and the Auxiliary may have other offices within or without the State of Illinois as the Board of Directors (the "**Board**") may from time to time determine. The Auxiliary shall have and continuously maintain in Illinois a registered office which may, but need not be, the same as its principal office, and a registered agent whose office address is identical with such registered office.

1.3. Purposes.

(a) The purposes for which the Auxiliary is organized are: To promote, encourage and foster religious and charitable purposes and activities; to foster, promote, support, develop, encourage, maintain, receive and accept funds for the construction, building, remodeling, support, administration, staffing, and any other legitimate purpose or function of **[new name of Ottawa Regional Hospital & Healthcare Center]**, an Illinois not-for-profit corporation (the "**Hospital**"), and the Roman Catholic Church; and to establish, conduct, sponsor, acquire, own, maintain and operate such other entities and activities which, in the opinion of the Board and at its discretion will support the foregoing purposes; and to solicit and receive gifts and contributions for and on behalf of the Hospital and the Roman Catholic Church, and to support their charitable programs and activities through expenditure of such funds received. Notwithstanding anything to the contrary, the Auxiliary is organized and will operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of, the Hospital and the Roman Catholic Church.

(b) No part of the net earnings of the Auxiliary shall inure to the benefit of any private individual; no part of the income of the Auxiliary shall be distributed to its individual members, directors, or officers; provided, however, that the payment of reasonable compensation for services rendered shall not be deemed a distribution of income. No substantial part of the activities of the Auxiliary shall consist of carrying on propaganda or otherwise attempting to influence legislation. The Auxiliary shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of or against any candidate for public office.

(c) The Auxiliary shall possess all powers which a corporation organized under the General Not For Profit Corporation Act of the State of Illinois, as the same from time to time may be amended, may possess, including the power to use, distribute, contribute, expend, donate, apply and appropriate all of its property and assets, and all proceeds and avails thereof, and income and profit derived therefrom, exclusively for charitable, educational, scholastic, religious or scientific purposes; provided, however, the Auxiliary shall not engage in any business which would disqualify it from being exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or the corresponding provision of any future United States Internal Revenue law, as an organization described in Section 501(c)(3) of the Code.

(d) Notwithstanding any other provisions of these Bylaws, no assets of the Auxiliary shall be donated, distributed, applied to, paid over or otherwise used or employed in any manner which would disqualify the Auxiliary from being exempt from taxation as an organization described in Section 501(c)(3) of the Code.

(e) Notwithstanding any other provisions of these Bylaws, the Auxiliary shall, without exception, conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Auxiliary, the Hospital, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Medical Center, Inc.]**, an Illinois corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company, or any other entity that is controlled by or is under common control with the Hospital, either directly or indirectly (each an "**Affiliated Corporation,**" and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

1.4. Dissolution.

In the event of the dissolution or liquidation of the Auxiliary, and after payment of its just debts and liabilities, all remaining assets shall be distributed to the Hospital, if the Hospital is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Hospital is not then exempt, to OSF, if OSF is then exempt as an organization described in Section 501(c)(3) of the Code, or, if OSF is not then exempt, to the Third Order, if the Third Order is then exempt as an organization described in Section 501(c)(3) of the Code, or, if the Third Order is not then

exempt, to such other organization or organizations as determined by the Hospital which are organized and operated exclusively for charitable, educational, scholastic, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code.

ARTICLE II
MEMBERS

2.1. Hospital.

The sole corporate member of the Auxiliary shall be **[new name of Ottawa Regional Hospital & Healthcare Center]**. Any provision of law requiring notice to, the presence of, or the vote, consent, or other action of the Hospital in connection with such matter shall be satisfied by notice to, the presence of, or the vote, consent, or other action of the board of directors of the Hospital (the "**Hospital Board**").

(a) Powers Reserved to the Hospital. In addition to the rights and powers accorded a member under the Illinois General Not For Profit Corporation Act, the Articles of Incorporation of the Auxiliary, and these Bylaws, the following actions (the "**Reserved Powers**") shall be authorized only by a vote of the Hospital, which vote shall be taken only after considering the advice of the Board:

(1) To establish, approve, or modify the philosophy, vision, values, and mission according to which the Auxiliary operates.

(2) To lease, sell, encumber, or otherwise alienate any real property or interest in real property of the Auxiliary.

(3) To approve any transfer, lease, sale, or encumbrance of personal property of the Auxiliary except in the ordinary course of business.

(4) To approve any purchase or other acquisition by the Auxiliary that is not included in the consolidated operating and capital budgets of the Affiliated Corporations.

(5) To approve any borrowing or debt financing on behalf of the Auxiliary in excess of a specified limit established by resolution of the Hospital, to structure and restructure indebtedness of the Auxiliary, and to enter into and amend agreements relating to indebtedness of the Auxiliary.

(6) To require a certified audit of the finances of the Auxiliary and to appoint the certified public accountant to perform any audit.

(7) To approve the engagement of and to dismiss any outside legal counsel to represent the Auxiliary on a regular basis or in connection with any matter deemed by the Hospital, in good faith, to have significance for the Hospital as a whole.

(8) To appoint, reappoint and remove the members of the Board and officers of the Auxiliary.

(9) To merge or consolidate the Auxiliary with other entities, merge other entities into the Auxiliary, or to dissolve the Auxiliary, in accordance with applicable law.

(10) To amend the Articles of Incorporation and Bylaws of the Auxiliary in accordance with applicable law.

(11) To expand, consolidate, terminate, or close any of the facilities and services of the Auxiliary.

(12) To adopt the strategic plan for the Auxiliary.

(13) To adopt or modify the operating budget and capital budget for any fiscal year for the Auxiliary, which shall be developed by the Board and recommended to the Hospital (which operating and capital budgets shall be consolidated with the operating and capital budgets for each Affiliation Corporation, with a consolidating schedule for each Affiliated Corporation).

(14) To approve the terms of and enter into joint ventures and other affiliations between the Auxiliary and third parties, and approve the creation, formation, organization, or termination of any legal entity in which the Auxiliary will have any ownership interest, membership interest, power to elect or appoint board members or officers, or any other formal participation arrangement, whether acting alone or in conjunction with any other person or entity.

(15) To approve appointments to governing bodies of joint ventures between the Auxiliary and third parties and other legal entities in which the Auxiliary has any power to elect or appoint board members or officers.

(16) To take any and all actions deemed necessary, in the sole judgment of the Hospital Board to protect and preserve the tax-exempt status and public charity status of the Auxiliary or the Hospital and any tax-exempt affiliate of the Auxiliary or the Hospital (including federal and state income tax exemptions, property tax exemptions, and sales tax exemptions); provided the Hospital Board has given a written request to the Board to take action or refrain from taking action, which would have sufficiently protected and preserved such tax-exempt and public charity status, and the Board has failed to promptly take such action or refrain from taking such action.

(17) To take any and all actions deemed necessary, in the sole judgment of the Hospital Board, for any and all members of the Obligated Group to comply with its master trust indenture, loan agreements, tax agreements, and all other covenants and agreements relating to any Obligated Group financing; provided the Hospital Board has given a written request to the Board to take action or refrain from taking action, to so comply, and the Board has failed to promptly take

such action or refrain from taking such action. The term "**Obligated Group**" means OSF and any other natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity that becomes a member of the obligated group pursuant to that certain Amended and Restated Master Trust Indenture dated as of September 15, 1999 between OSF and Wells Fargo Bank, National Association, as successor master trustee, as heretofore or hereafter supplemented and amended.

(18) To name or rename any healthcare or other facility owned and operated by the Auxiliary.

(b) Action by the Hospital. The Hospital shall act by executing and delivering to the President or Secretary a written instrument or instruments, signed by an authorized officer of the Hospital, setting forth the action taken. The action of the Hospital shall be deemed to have been taken on the dates the written instruments are so delivered unless the instruments provide otherwise. Any action taken by the Hospital on any matters described in 2.1(a) shall be immediately communicated to the Board.

(c) Policies of the Hospital. All policies of OSF and the Hospital shall apply with respect to the Auxiliary's governance, management, and operation. The Board shall not enact any policy that conflicts with or purports to nullify the effect of a policy of OSF or the Hospital without the approval of OSF or the Hospital, as applicable.

2.2. Individual Members.

Any adult interested in the welfare of the Hospital is eligible for individual membership. Individual membership in the Auxiliary carries a service obligation of a minimum of forty eight (48) hours per year to be active and eligible for benefits. Auxilians and Inservice Volunteers with over 1,000 hours will automatically become lifetime members. Auxilians and Inservice Volunteers will be retained on the active list of individual members as long as they are involved in some activity throughout the year. This list shall be reviewed and updated annually by the Board.

ARTICLE III
BOARD OF DIRECTORS

3.1. General Powers.

Subject to the Reserved Powers, the management, control and operation of the affairs and properties of this Corporation shall vest and be in the Board. The Board shall have the power and authority to do and perform all acts or functions consistent with the Articles of Incorporation and Bylaws of the Auxiliary and any amendments thereto, and the laws of the State of Illinois. The Board may approve the donation or grant of Auxiliary funds or other assets only for support of programs, services and capital needs identified and approved by the Hospital.

3.2. Number and Qualification.

(a) Composition. The Board shall consist of seven (7) to twelve (12) directors, not including the chief executive officer of the Hospital or his/her designee (which designee shall be a department director level or above employee of the Hospital named upon prior written notice to the President) ("**Chief Executive Officer**"), who shall serve as a voting *ex officio* member of the Board. When vacancies on the Board occur by reason of death, resignation, or otherwise, the number shall be reduced by such vacancies until qualified replacements are elected or appointed for the unexpired term. All directors shall have the equal right to vote. The initial Board established upon adoption of these amended and restated Bylaws shall be composed of those persons named by agreement of the Hospital and OSF in connection with the Affiliation Agreement among OSF and the Affiliated Corporations other than the Auxiliary, dated January 11, 2012 (the "Affiliation Agreement").

(b) Qualifications. Directors shall have the following qualifications:

(1) Commitment to the Philosophy, Mission, Values and Vision of the Hospital.

(2) Commitment to uphold the Catholic Code of Ethics in all dealings and deliberations pertaining to the Board's responsibilities.

(3) Knowledge and experience useful to the Auxiliary in maintaining its values and achieving its Mission, such as leadership skills, health care delivery knowledge, legal expertise or financial skills.

(4) Willingness to support the Auxiliary with a commitment of time necessary to become and remain informed concerning the issues confronting the Auxiliary and the ability to regularly attend Board meetings.

(5) Ability to be discreet in keeping Board discussions and business confidential.

(6) Ability to rise above the concerns of a particular constituency and represent the interest of the Auxiliary as a whole.

(7) Be of respectable character, have an interest in the Catholic health care delivery system and a deep concern and willingness to serve.

3.3. Election.

Upon expiration of the terms of the initial Board members agreed upon by OSF and the Hospital, other than those serving *ex officio*, the Board shall submit to the Hospital nominations to fill the seats previously held by, or seek reappointment of, the members of the Board other than those serving *ex officio*.

3.4. Term of Office.

(a) The term of office for each director (other than those serving *ex officio*) shall be three (3) years or until his or her successor shall have been duly elected. However, notwithstanding the aforementioned, one-third (1/3) of the initial directors upon adoption of these amended and restated Bylaws shall serve one year terms, one-third (1/3) for two year terms, and the remaining to be elected for three year terms, with rounding off if the total number is not divisible by three in the discretion of the Board. Thereafter, all directors shall be elected for a three year term.

(b) A director may be elected to succeed himself or herself, without limitation on the number of terms served, provided that said director continues to satisfy the requirements for qualification specified in 3.2.2.

(c) The term of office of all directors shall commence immediately following the meeting at which they were elected by the Hospital.

(d) The term of office of any director shall end at the close of the annual meeting held during the year in which such director's term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

3.5. Resignation of Directors.

Any director may resign at any time by giving written notice to the President or Recording Secretary. Such resignation shall take effect at the time specified therein. Unexcused absence from more than twenty-five percent (25%) of all regular and special Board meetings without a prior excuse from the President shall be an automatic resignation. A director may be excused from Board meeting attendance if such director is absent from the state, suffering from an acute illness or, in the discretion of the President, for any other excused absence.

3.6. Removal of Directors.

Any director may be removed from office, with or without cause, by the Hospital; and provided further that any director who is an employee of OSF or any Affiliated Corporation shall be deemed removed upon the termination of his or her employment.

3.7. Vacancies.

Any vacancy on the Board may be filled by the Hospital for the unexpired portion of the term.

3.8. Annual Meeting.

The annual meeting of the Board for the nomination of directors and officers, as necessary, and the transaction of such business as may come before the Board, shall be held in November of each year or, in the discretion of the President, within sixty days of such regularly scheduled annual meeting and at such time and place as shall be determined by the President.

3.9. Regular Meetings.

Regular meetings of the Board shall be held on the third Monday of each month at such time and place designated by the President by announcement at the preceding Board meeting, by written notice to the members of the Board by the President or First Vice-President, or by resolution of the Board prescribing the time and place for regular meetings. The annual meeting may be counted as one of the monthly meetings.

The January Board meeting will be a transitional meeting, with both the new and former Board members in attendance. Time will be allotted prior to the meeting for instruction and passing of materials and board manuals from the old to new Board members. The President will provide a formal orientation to board activities within one (1) month of their taking office.

3.10. Special Meetings.

Special meetings of the Board may be called by or at the request of the President, the First Vice-President, the Chief Executive Officer, or a majority of the directors then in office.

3.11. Notice.

(a) Notice of any annual, regular or special meeting shall be given in writing by personal delivery, by United States mail, or by electronic mail to each director at least three (3) days before the day on which the meeting is to be held. If given by United States mail, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at the address as shown in the records of the Auxiliary with postage thereon prepaid. If given by electronic mail, such notice shall be deemed to be delivered upon receipt by the sender of an electronic acknowledgment of delivery to the recipient at the electronic mail address of the recipient as shown in the records of the Auxiliary.

(b) Notice may be waived in writing by any director either before or after the meeting. Attendance at any meeting by a director shall be deemed to be a waiver of notice unless the director intends to object to the transaction of business because the meeting is not lawfully convened.

(c) Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

3.12. Quorum.

A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; provided, that if less than a majority of the directors are present, those directors present may adjourn the meeting from time to time without further notice. Any director may participate in and act at any meeting of the Board through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meetings shall constitute attendance and presence in person at the meeting of the person or persons so participating.

3.13. Manner of Acting.

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board except where otherwise provided by law or by these Bylaws. There shall be no voting by proxy.

3.14. Informal Action.

Any action required to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be provided by all of the directors then in office or all members of a committee of the Board, as the case may be. Written consent may be provided by electronic mail. All the approvals evidencing consent shall be delivered to the Recording Secretary at such mailing or electronic mail address as the Secretary may designate to be filed in the records of the Auxiliary. The action shall be effective when all of the directors or the committee members, as the case may be, have approved the consent, unless the consent specifies a different effective date.

3.15. Procedure.

Robert's Rules of Order Revised (latest edition) shall govern procedure at all meetings of the Board and its committees where not covered expressly by these Bylaws.

3.16. Compensation.

Directors shall not receive compensation for their services as such, but may be reimbursed for *bona fide* expenses incurred arising out of services rendered. Nothing herein shall prohibit payment of compensation to an individual serving as a director who renders services to the Auxiliary in another capacity.

3.17. Conflict of Interest.

(a) Any director, officer or key employee who has an interest in a contract or other transaction presented to the Board or a committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of such interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the Auxiliary's interest.

(b) The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use any personal influence on, nor participate (other than to present factual information or to respond to questions) in, the discussions or deliberations with respect to such contract or transaction. Such person shall not be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation, and whether a quorum was present.

(c) For the purposes of this Section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she is the party (or one of the parties) contracting or dealing with the Auxiliary, or is a director, trustee, manager, or officer of, or has a significant financial or influential interest in, an entity (other than an entity that controls, is controlled by, or is under common control with the Auxiliary, either directly or indirectly) contracting or dealing with the Auxiliary.

ARTICLE IV
OFFICERS

4.1. Officers.

The officers of the Auxiliary shall be a President, First Vice-President, Second Vice-President, Treasurer, Recording Secretary, Corresponding Secretary, Membership Chairperson, Fund Raising Chairperson, and Publicity/Advocacy Chairperson. The Board may nominate additional officers as it shall deem desirable. Unless specifically provided in these Bylaws, an officer need not be a director. One person may hold two or more offices.

4.2. Election and Term of Office.

The initial officers shall be named by agreement of the Hospital and OSF pursuant to the Affiliation Agreement. Upon expiration of the initial term of the then-current officers, candidates for each office shall be nominated by the Board at the annual meeting of the Board, which nominations shall be submitted to the Hospital for consideration and approval. The President, First Vice-President, Membership Chairperson, and Publicity/Advocacy Chairperson shall be elected in the even numbered calendar years; and the Second Vice-President, Recording Secretary, Treasurer, and Corresponding Secretary, and Fund Raising Chairperson shall be elected in the odd numbered years.

(a) Each officer shall serve a term of two (2) years.

(b) No officer shall serve more than two consecutive terms of office, other than the President, who may serve for more than two consecutive terms.

(c) The term of office of all officers shall commence immediately following the meeting at which they were elected by the Hospital or the Board, as applicable.

(d) The term of office of any officer shall end at the close of the annual meeting held during the year in which the term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

4.3. Resignation and Removal of Officers.

Any officer may resign at any time by giving written notice to the President or Recording Secretary. Such resignation shall take effect at the time specified therein. Any officer may be removed by the Hospital whenever in the judgment of the Hospital the best interests of the Auxiliary will be served thereby.

4.4. Vacancies.

A vacancy in any elected office may be filled by the Hospital for the unexpired portion of the term.

4.5. President.

The President shall preside at all meetings of the Board. Subject to the Reserved Powers, the President may sign and execute, on behalf of the Auxiliary with the Recording Secretary or any other proper officer of the Auxiliary authorized by the Board, any corporate records, documents and instruments. The President shall have and exercise, subject to the Reserved Powers, all powers usually incident to the office of the President of a not-for-profit corporation and shall perform such other duties as may be delegated by the Board from time to time. The President must be a member of the Board.

The President will render an annual report summarizing all the Auxiliary activities for presentation at the annual Awards Event of the membership. Orientation of newly elected Board members is the responsibility of the President. The President shall work closely with the Hospital administration and the Director of Volunteer Services.

4.6. First Vice-President.

The First Vice-President shall act as President in the absence or refusal of the President to act and when so acting, subject to the Reserved Powers, the First Vice-President shall have all of the powers and authority of the President. The Vice-President shall also perform, subject to the Reserved Powers, such other duties and functions as may be delegated by the Board. The First Vice-President must be a member of the Board.

The First Vice-President shall review the individual service hours provided by the Director of Volunteer Services and shall prepare the individual awards. The First Vice-President will be in charge of the annual Awards Event and will chair the By-Laws Committee. A critique of the Awards Event shall be presented to the Board.

4.7. Second Vice-President.

The Second Vice-President shall act as President in the absence or refusal of the President and First Vice-President to act and when so acting, subject to the Reserved Powers, the Second Vice-President shall have all of the powers and authority of the President. The Second Vice-President shall be the Chairperson of the Nominating Committee.

4.8. Recording Secretary.

Subject to the Reserved Powers, the Recording Secretary shall: sign documents of the Auxiliary from time to time as required; keep the minutes of the meetings of the Board and a record of actions of the Board in one or more books provided for that purpose; mail copies of Board minutes to each Board member following each meeting; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Auxiliary and see that the seal of the Auxiliary is affixed

to all documents as required; and perform such additional duties as may be assigned by the President or delegated by the Board.

4.9. Corresponding Secretary.

The Corresponding Secretary shall carry out all necessary correspondence of the Auxiliary, including sending messages of condolences and congratulations. In the absence or refusal of the Recording Secretary to act, the Corresponding Secretary shall have all the power and authorities of the Recording Secretary. The Corresponding Secretary will serve a chairperson of the Scholarship Committee.

4.10. Fundraising Chairperson.

The Fundraising Chairperson shall review existing fundraising events and research new types of fundraising events. Managers of the Gift Shoppe and ReRuns will share information regarding fundraising events with the Fundraising Chairperson to assure the Board is aware of all efforts.

4.11. Treasurer.

Subject to the Reserved Powers, the Treasurer shall be responsible for the custody of the funds and securities of the Auxiliary following approval of the Board.

The Treasurer shall report to the Board respecting the Auxiliary's financial condition and the handling of its monies and investments, submit records to a fiscal affairs office of the Hospital for an annual audit of the books and records of the corporation. In July, the Treasurer shall prepare a proposed budget to be submitted for approval as set forth in Section 6.8.

The Treasurer shall meet with the Chief Executive Officer and review possible capital needs of the Hospital that could be funded by the Auxiliary and perform such additional duties as may be assigned by the President or delegated by the Board.

4.12. Membership Chairperson.

The Membership Chairperson shall report the new Individual Members of the Auxiliary and Inservice Volunteers at each Board meeting.

The Membership Chairperson, if necessary, may form a Membership Calling Committee, which will notify Individual Members of future Auxiliary needs. In the absence or refusal of the Corresponding Secretary to act, the Membership Chairperson shall have all the power and authorities of the Corresponding Secretary.

4.13. Publicity and Advocacy Chairperson.

The Publicity and Advocacy Chairperson shall, in consultation with the Chief Executive Officer, prepare press releases as needed to educate the Auxiliary and the public to an understanding of the activities and needs of the Auxiliary. The Publicity and Advocacy

Chairperson shall be a member of the Fundraising Committee and provide promotional material for approved fund raising projects, as requested.

As Publicity and Advocacy Chairperson, this office is responsible for obtaining information on legislation affecting hospitals, patient care, and other medically related fields or issues. This information shall be presented at Board meetings. The Publicity and Advocacy Chairperson shall coordinate advocacy efforts in the community following the approval by the Chief Executive Officer.

4.14. Director of Volunteer Services.

The Director of Volunteer Services is an employee of the Hospital and shall serve as liaison between the Hospital and the Auxiliary. The Director of Volunteer Services will be a member of the Fundraising Committee and the Nominating Committee. The paid staff at ReRuns and The Gift Shoppe will report to the Director of Volunteer Services. An annual report will be given at the annual Awards Event. As the Director of Volunteer Services is not an employee of the Auxiliary, the Auxiliary shall not have the authority to hire, enter into an employment contract with, discipline, or terminate the Director of Volunteer Services.

ARTICLE V
COMMITTEES

5.1. Designation.

The Board may, by resolution, create committees as needed and define the activities thereof. Unless prohibited by law, the Articles of Incorporation, or these Bylaws, the Board may delegate authority to Board committees.

Each standing committee chairperson, in conference with the President shall appoint members of the Auxilian or Inservice Volunteer group to the committee as necessary. Committees may include persons other than directors; provided, that Board committees shall include two or more directors, and a majority of the members of each Board committee shall be directors.

5.2. Term of Office.

Each member of a Board committee shall serve until the next annual meeting of the Board or until a successor is appointed. There shall be no limit on the number of consecutive terms a person may serve as a member of a committee.

5.3. Resignation and Removal.

Any committee member may resign at any time by giving written notice to the President or Recording Secretary. Such resignation shall take effect at the time specified therein. Any committee member may be removed by the President or by a majority vote of the Board.

5.4. Vacancies.

Vacancies in the membership of any committee shall be filled by the President.

5.5. Committee Chairperson.

The President shall serve as chairperson of the Executive Committee and designate one member of each other committee(s) to serve as chairperson of that committee.

The chairperson of each standing committee shall be responsible for notifying the President of all coming meetings, for making progress reports, as necessary, to the Board and for submitting a report in writing.

5.6. Notice.

Committees shall meet at the call of the chairperson of the committee. Notice of any committee meeting shall be given at least three business days before the meeting is to be held. Notice of the meeting shall be either oral or in writing at the discretion of the committee chairperson, and if given in writing shall be given in the manner described in 3.11.

5.7. Quorum.

A majority of the committee membership shall constitute a quorum for the transaction of business at any meeting of the committee.

5.8. Manner of Acting.

The act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. A committee may also act by unanimous consent in writing without a meeting in the manner described in Section 3.14.

5.9. Minutes.

Each committee shall keep minutes of its meetings and shall regularly report to the Board.

5.10. Rules.

Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with actions by the Board.

5.11. Executive Committee.

(a) The Executive Committee, if created by the Board, shall be composed of not less than three members and not more than seven members, including the President and other members selected from among the directors by the President. The President shall be the chairperson of the Executive Committee.

(b) The Executive Committee shall serve during periods when the Board is not in session. The Executive Committee shall be authorized, subject to the Reserved Powers, to take such action as may be necessary on behalf of the Auxiliary.

5.12. Fundraising Committee.

The Fundraising Chairperson shall chair the Fundraising Committee. The purpose of this committee is to review current fundraising projects and explore the feasibility of new projects with recommendations to the Board.

5.13. Scholarship Committee.

The Corresponding Secretary shall chair the Scholarship Committee. This committee will identify and target professional positions needed at the Hospital.

5.14. Nominating Committee.

The Second Vice-President shall chair the Nominating Committee. The purpose of the committee is to review the active Auxiliary membership for eligible candidates to fulfill expiring elected positions.

The recommendations of the committee shall be presented to the Board and subsequent action taken pursuant to board policies adopted which shall set forth the procedures for additional nominations by the Auxiliary membership and election at the general meeting or by mailed ballot.

5.15. By-Laws Committee.

The First Vice-President shall chair the By-Laws Committee. This committee will review the by-laws annually and recommend changes as necessary.

5.16. Historian.

The Historian shall be appointed by the President of the Board. The Historian is responsible for keeping the history of the Auxiliary up-to date and keeping a scrapbook of newspaper clippings, pictures, items and correspondence pertinent to the Auxiliary's history. The scrapbooks shall be displayed at the Annual Awards Event.

ARTICLE VI
FISCAL MATTERS

6.1. Fiscal Year.

The fiscal year of the Auxiliary shall commence on the first day of October and end on the last day of September, or such other dates as established by the Hospital from time to time.

6.2. Contracts.

Subject to the Reserved Powers, the Board may authorize officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Auxiliary.

6.3. Loans.

No loans or borrowing shall be contracted for or on behalf of the Auxiliary and no evidence of indebtedness shall be issued in its name unless authorized by the Hospital Board. No loan shall be granted to any officer or director of the Auxiliary.

6.4. Checks and Drafts.

All checks, drafts, or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Auxiliary or to the Auxiliary, shall be signed or endorsed by such officer or officers, agent or agents of the Auxiliary and in such manner as shall from time to time be determined by resolution of the Board.

6.5. Deposits.

All funds of the Auxiliary not otherwise employed shall be deposited from time to time to the credit of the Auxiliary in such banks, trust companies or other depositories as the Board may select upon approval by the Hospital Board.

6.6. Books, Records and Accounts.

The Corporation shall keep or cause to be kept correct and complete books and records of account and shall also keep minutes of the proceedings and records of the actions of the Board and its committees. All books and records of the Auxiliary may be inspected by the Hospital or any member of the Board for any proper purpose at any reasonable time upon prior request. In addition, the Auxiliary shall annually cause a certified audit of its accounts, in compliance with 2.1(a)(6), to be made and shall cause to be filed the necessary reports, tax returns or other documents as may be required by law on its behalf.

6.7. Distribution.

During each fiscal year, the net revenues of the Auxiliary may be distributed to the Hospital for items of equipment or projects chosen from a list developed by the administration of the Hospital, or otherwise approved by administration of the Hospital.

The Auxiliary shall not carry over beyond one hundred and twenty (120) days from the end of the fiscal year more than fifty percent (50%) of the total of that year's net uncommitted revenues and any carry-over net revenues from the previous years, unless such funds have been designated to a particular project, without the approval of the Hospital Board.

6.8. Budget.

A proposed budget shall be presented by the Treasurer at the July Board meeting for recommendation to the Hospital Board. The budget shall contain expected revenues and expenditures for the coming fiscal year with category headings for ReRuns, the Gift Shoppe and the Auxiliary. The budget shall be presented for approval by the Hospital Board sixty (60) days prior to the end of each fiscal year. No expenditures exceeding ten percent (10%) of said budget will be authorized without advance approval of the Hospital Board.

6.9. Fundraising Activities.

All fundraising activities must be approved by the Hospital Board, and no new fundraising activity may be adopted or publicized, nor any expenditure made, without the approval of the Hospital Board.

6.10. Employees.

The Board acknowledges that all persons who work in the Gift Shoppe and ReRuns who are not volunteers are employees of the Hospital, and therefore are subject to control and direction by the Hospital and not by the Auxiliary. The Auxiliary shall not be responsible for compensating the Hospital employees, but shall from time to time reimburse the Hospital for the wages and benefits of such employees, calculated *pro rata* in the proportion that the number of hours such employees work in the Gift Shoppe and ReRuns during a time period bears to the total number of hours that such employees work in all areas of the Hospital, including the Gift Shoppe and ReRuns, during the time period. The Board shall establish the goals and direction of the Gift Shoppe and ReRuns and shall provide input to the Hospital regarding the hiring, discipline, and termination of Hospital employees working in the Gift Shoppe and ReRuns.

ARTICLE VII
GIFT MODIFICATION

Whenever any gift made to the Auxiliary for a particular purpose or for a particular institution appears to be impossible of execution or extremely impractical, the Board shall obtain consultation as to the legality of a similar but not identical use and as to the necessity of obtaining an order of a court of competent jurisdiction to vary the specified use of the fund or asset comprising the gift.

ARTICLE VIII
INDEMNIFICATION

8.1. Power to Hold Harmless.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Auxiliary) by reason of the fact that he or she is or was a director, officer, employee or agent of the Auxiliary, or who is or was serving at the request of the Auxiliary as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or

other enterprise, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the Auxiliary, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Auxiliary, with respect to any criminal action or proceeding that the person had reasonable cause to believe that his or her conduct was lawful.

8.2. Power to Indemnify Litigant.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Auxiliary to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Auxiliary, or is or was serving at the request of the Auxiliary as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Auxiliary except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Auxiliary, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

8.3. Reimbursement Authorized.

To the extent that a director, officer, employee or agent of the Auxiliary has been successful, on the merits or otherwise in the defense of any action, suit or proceeding referred to in 8.1 or 8.2, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

8.4. Determination if Reimbursement is Proper.

Any indemnification under 8.1 or 8.2 (unless ordered by a court) shall be made by the Auxiliary only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in 8.1 and 8.2. Such determination shall be made: (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if

a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the Hospital.

8.5. Advance of Expenses.

Expenses incurred in defending a civil or criminal action, suit or proceedings may be paid by the Auxiliary in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Auxiliary as authorized in this Article.

8.6. Non-Exclusivity.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of the Hospital or disinterested directors, or otherwise, both as to action in his or her official capacity, and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

8.7. Right to Acquire Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Auxiliary or who is or was serving at the request of the Auxiliary as a director, officer employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Auxiliary would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE IX
CORPORATE SEAL

The Board shall adopt a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Auxiliary, the state of incorporation and the words "Corporate Seal".

ARTICLE X
AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, restated or repealed by the Hospital upon its own motion or upon a recommendation from the Board at any regular meeting or special meeting called for that purpose. These Bylaws shall be reviewed annually.

ADOPTED by the Board of Directors of **[new name of Ottawa Regional Hospital Auxiliary]**, this _____ day of _____, 2012, at Ottawa, Illinois.

_____
President

ATTEST:

_____
Recording Secretary

(SEAL)

EXHIBIT E

Forms of Amended and Restated Governing Documents of ORMC

RESTATED ARTICLES OF INCORPORATION
OF
[NEW NAME OF OTTAWA REGIONAL MEDICAL CENTER, INC.]

Article 1. The name of the Corporation is **[New Name of Ottawa Regional Medical Center, Inc.]** (the "**Corporation**"). The corporation is an Illinois business corporation, created on September 30, 2009, with the name Ottawa Regional Medical Center, Inc.

Article 2. Agent Name: Robert Alan Chaffin
Agent Address: 1100 E. Norris Drive, Ottawa, IL 61350

Article 3. Purpose:

a. The purposes of the Corporation are to engage in any lawful business or activity for which corporations may be incorporated under the Illinois Business Corporation Act, to be a Hospital Affiliate, as defined in the Illinois Hospital Licensing Act (210 ILCS 85/10.8) with all the power and obligation of a Hospital Affiliate and to exercise all of the rights, powers and privileges now or hereafter conferred upon corporations organized under the laws of Illinois.

b. Notwithstanding any other provisions of these Articles, the Corporation shall, without exception, conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation (the "**Sole Shareholder**"), **[new name of Ottawa Regional Hospital and Healthcare Center]**, an Illinois not-for-profit corporation (the "**Hospital**"), **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company, or any other entity that is controlled by or is under common control with the Hospital, either directly or indirectly (each an "**Affiliated Corporation**," and collectively the "**Affiliated Corporations**"). The term "**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

AMENDED AND RESTATED CORPORATE BYLAWS
OF
[NEW NAME OF OTTAWA REGIONAL MEDICAL CENTER, INC.]

ARTICLE I
NAME, OFFICES AND PURPOSES

1.1. Name.

The name of the Corporation is **[new name of Ottawa Regional Medical Center, Inc.]** (the "**Corporation**"), an Illinois corporation.

1.2. Offices.

The location of the principal office of the Corporation shall be in the City of Ottawa, Illinois, and the Corporation may have other offices within or without the State of Illinois as the Board of Directors (the "**Board**") may from time to time determine. The Corporation shall have and continuously maintain in Illinois a registered office which may, but need not be, the same as its principal office, and a registered agent whose office address is identical with such registered office.

1.3. Purposes.

(a) The purposes of the Corporation are to engage in any lawful business or activity for which corporations may be incorporated under the Illinois Business Corporation Act, to be a Hospital Affiliate, as defined in the Illinois Hospital Licensing Act (210 ILCS 85/10.8) with all the power and obligation of a Hospital Affiliate and to exercise all of the rights, powers and privileges now or hereafter conferred upon corporations organized under the laws of Illinois.

(b) Notwithstanding any other provisions of these Bylaws, the Corporation shall, without exception, conduct its business: (1) in accordance with the moral teachings of the Roman Catholic Church, including the Ethical and Religious Directives for Catholic Health Care Services, as amended from time to time, promulgated by the U.S. Conference of Catholic Bishops (the "**Ethical and Religious Directives**"), as interpreted and applied by OSF Healthcare System, an Illinois not-for-profit corporation ("**OSF**"); (2) in accordance with the Code of Canon Law of the Roman Catholic Church, as amended from time to time; and (3) in a manner which, as determined by OSF, does not bring Scandal upon: (i) OSF; (ii) The Sisters of the Third Order of St. Francis, an Illinois not-for-profit corporation (the "**Third Order**"); or (iii) the Corporation, **[new name of Ottawa Regional Healthcare Affiliates, Inc.]**, an Illinois corporation (the "**Sole Shareholder**"), **[new name of Ottawa Regional Hospital and Healthcare Center]**, an Illinois not-for-profit corporation (the "**Hospital**"), **[new name of Ottawa Regional Hospital Auxiliary]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Hospital Foundation]**, an Illinois not-for-profit corporation, **[new name of Ottawa Regional Cardinal Sleep Center, LLC]**, an Illinois limited liability company, or any other entity that is controlled by or is under common control with the Hospital, either directly or indirectly (each an "**Affiliated Corporation,**" and collectively the "**Affiliated Corporations**"). The term

"**Scandal**" means any conduct that results in serious impairment of the name or reputation of any Affiliated Corporation, OSF, or the Third Order, either in the general community or among the Catholic faithful, or causes confusion in the minds of members of the general community or the Catholic faithful concerning compliance by any Affiliated Corporation, OSF, or the Third Order with the ethical and religious teachings of the Roman Catholic Church.

ARTICLE II
SOLE SHAREHOLDER

2.1. Sole Shareholder.

The sole shareholder of the Corporation shall be **[new name of Ottawa Regional Healthcare Affiliates, Inc.]** Any provision of law requiring notice to, the presence of, or the vote, consent, or other action of the Sole Shareholder of the Corporation in connection with such matter shall be satisfied by notice to, the presence of, or the vote, consent, or other action of the board of directors of the Sole Shareholder (the "**Sole Shareholder Board**").

2.2. Powers Reserved to the Sole Shareholder.

In addition to the rights and powers accorded a shareholder under the laws of the State of Illinois, the Articles of Incorporation of the Corporation, and these Bylaws, the following actions (the "**Reserved Powers**") shall be authorized only by a vote of the Sole Shareholder of the Corporation, which vote shall be taken only after considering the advice of the Board:

(a) To establish, approve, or modify the philosophy, vision, values, and mission according to which the Corporation operates.

(b) To lease, sell, encumber, or otherwise alienate any real property or interest in real property of the Corporation.

(c) To approve any transfer, lease, sale, or encumbrance of personal property of the Corporation except in the ordinary course of business.

(d) To approve any purchase or other acquisition by the Corporation that is not included in the consolidated operating and capital budgets of the Affiliated Corporations.

(e) To approve any borrowing or debt financing on behalf of the Corporation in excess of a specified limit established by resolution of the Sole Shareholder, to structure and restructure indebtedness of the Corporation, and to enter into and amend agreements relating to indebtedness of the Corporation.

(f) To require a certified audit of the finances of the Corporation and to appoint the certified public accountant to perform any audit.

(g) To approve the engagement of and to dismiss any outside legal counsel to represent the Corporation on a regular basis or in connection with any matter deemed by the Sole Shareholder, in good faith, to have significance for the Sole Shareholder as a whole.

(h) To appoint, reappoint or remove the members and officers of the Board, subject to Section 3.6.

(i) To merge or consolidate the Corporation with other entities, merge other entities into the Corporation, or to dissolve the Corporation, in accordance with applicable law.

(j) To amend the Articles of Incorporation and Bylaws of the Corporation in accordance with applicable law.

(k) To expand, consolidate, terminate, or close any of the facilities and services of the Corporation.

(l) To hire, enter into an employment contract with, discipline, or terminate the Chief Operating Officer of the Corporation.

(m) To adopt the strategic plan for the Corporation.

(n) To adopt or modify the operating budget and capital budget for any fiscal year for the Corporation (which operating and capital budgets shall be consolidated with the operating and capital budgets for each Affiliated Corporation, with a consolidating schedule for each Affiliated Corporation).

(o) To approve the terms of and enter into joint ventures and other affiliations between the Corporation and third parties, and approve the creation, formation, organization, or termination of any legal entity in which the Corporation will have any ownership interest, membership interest, power to elect or appoint board members or officers, or any other formal participation arrangement, whether acting alone or in conjunction with any other person or entity.

(p) To approve appointments to governing bodies of joint ventures between the Corporation and third parties and other legal entities in which the Corporation has any power to elect or appoint board members or officers.

(q) To name or rename any healthcare facility owned and operated by the Corporation.

(r) To issue equity interests or admit any new shareholder and the terms for such admission or issuance.

2.3. Action by the Sole Shareholder.

The Sole Shareholder shall act by executing and delivering to the Chairperson/President, Chief Operating Officer, or Secretary a written instrument or instruments, signed by an authorized officer of the Sole Shareholder, setting forth the action taken. The action of the Sole Shareholder shall be deemed to have been taken on the dates the written instruments are so delivered unless the instruments provide otherwise. Any action taken by the Sole Shareholder on any matters described in Section 2.2 shall be immediately communicated to the Board.

2.4. Policies of the Sole Shareholder.

All policies of OSF, the Hospital, and the Sole Shareholder shall apply with respect to the Corporation's governance, management, and operation. The Board shall not enact any policy that conflicts with or purports to nullify the effect of a policy of OSF, the Hospital, or the Sole Shareholder without the approval of OSF, the Hospital, or the Sole Shareholder, as applicable.

ARTICLE III
BOARD OF DIRECTORS

3.1. General Powers.

Subject to the Reserved Powers, the management, control and operation of the affairs and properties of this Corporation shall vest and be in the Board. The Board shall have the power and authority to do and perform all acts or functions consistent with the Articles of Incorporation and Bylaws of the Corporation and any amendments thereto, and the laws of the State of Illinois.

3.2. Number and Qualification.

(a) Composition. The Board of Directors of the Corporation shall number thirteen (13) persons. When vacancies on the Board occur by reason of death, resignation, or otherwise, the number shall be reduced by such vacancies until qualified replacements are appointed for the unexpired term. The directors serving as of the adoption by the Sole Shareholder of these amended and restated Bylaws shall continue to serve in such capacity. Upon adoption by the Sole Shareholder of these amended and restated Bylaws, the Sole Shareholder shall appoint two (2) additional directors who are physicians employed by OSF ("**OSF Physicians**"), who shall be designated as Hospital Directors. All directors shall have the equal right to vote, except as set forth below. The chief executive officer, chief operating officer, and vice-president of finance of the Hospital shall serve as directors, *ex officio*, with vote. These individuals, along with the OSF Physicians, will constitute the "**Hospital Directors.**" The Vice-President of Medical Affairs of the Corporation and the Chief Operating Officer of the Corporation shall serve as directors, *ex officio*, without vote.

(b) Qualifications. Directors shall have the following qualifications:

(1) Commitment to the Philosophy, Mission, Values and Vision of the Hospital.

(2) Commitment to uphold the Catholic Code of Ethics in all dealings and deliberations pertaining to the Board's responsibilities.

(3) Knowledge and experience useful to the Corporation in maintaining its values and achieving its Mission, such as leadership skills, health care delivery knowledge, legal expertise or financial skills.

(4) Willingness to support the Corporation with a commitment of time necessary to become and remain informed concerning the issues confronting the Corporation and the ability to regularly attend Board meetings.

(5) Ability to be discreet in keeping Board discussions and business confidential.

(6) Ability to rise above the concerns of a particular constituency and represent the interest of the Corporation as a whole.

(7) Be of respectable character, have an interest in the Catholic health care delivery system and a deep concern and willingness to serve.

(c) Election. All directors whose terms begin after the date on which the Sole Shareholder adopts these amended and restated Bylaws shall be appointed by the Sole Shareholder. At least ten (10) days prior to the annual meeting of the Sole Shareholder, the physician employees of the Corporation shall present to the Sole Shareholder for consideration a slate of candidates, comprised of physician employees of the Corporation, to fill the seats held by Physician Directors (as defined in Section 3.4(a)) whose terms as directors expire at the close of such annual meeting.

3.3. Term of Office.

(a) The term of office for each director (other than those serving *ex officio*) shall be two (2) years or until his or her successor shall have been duly elected. However, notwithstanding the aforementioned: (a) three (3) directors serving as of the date on which the Sole Shareholder adopts these amended and restated Bylaws, as determined by the Board, who are physicians and former shareholders of Ottawa Medical Center, P.C. ("**OMC Shareholder Physicians**") will serve terms ending at the close of the annual meeting of the Sole Shareholder held in December, 2012, and the three (3) remaining current directors who are physicians and employees of the Corporation (collectively, with the OMC Shareholder Physicians, the "**Physician Directors**") will serve terms ending at the close of the annual meeting of the Sole Shareholder held in December, 2013; and (b) the term of one of the initial OSF Physicians shall end at the close of the annual meeting of the Sole Shareholder held in December, 2013, and the term of the other initial OSF Physician shall end at the close of the annual meeting of the Sole Shareholder held in December, 2014, in order that staggered terms may be initiated.

(b) Any director may be elected to succeed himself or herself, without limitation on the number of terms he or she may serve, provided that said director continues to satisfy the requirements for qualification specified in Section 3.2(b).

(c) The term of office of all directors shall commence immediately following the meeting at which they were elected by the Sole Shareholder.

(d) The term of office of any director shall end at the close of the annual meeting held during the year in which such director's term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

3.4. Resignation of Directors.

Any director may resign at any time by giving written notice to the Chairperson/President or Secretary. Such resignation shall take effect at the time specified therein. Unexcused absence

from more than twenty-five percent (25%) of all regular and special Board meetings without a prior excuse from the Chairperson/President shall be an automatic resignation. A director may be excused from Board meeting attendance if such director is absent from the state, suffering from an acute illness or, in the discretion of the Chairperson/President, for any other excused absence.

3.5. Removal of Directors.

Any director may be removed from office, with or without cause, by the Sole Shareholder; provided that a Physician Director may be removed from office only after consultation with and input from the other Physician Directors; provided further that until the close of the annual meeting of the Sole Shareholder held in December, 2012, at least four (4) directors shall be OMC Shareholder Physicians, and until the close of the annual meeting of the Sole Shareholder held in December, 2013, at least one (1) director shall be an OMC Shareholder Physician; and provided further that any director who is an employee of OSF or any Affiliated Corporation shall be deemed removed upon the termination of his or her employment.

3.6. Vacancies.

Any vacancy on the Board may be filled by the Sole Shareholder for the unexpired portion of the term.

3.7. Annual Meeting.

The annual meeting of the Board for the transaction of such business as may come before the Board, shall be held in December of each year or, in the discretion of the Chairperson/President, within sixty days of such regularly scheduled annual meeting and at such time and place as shall be determined by the Chairperson/President.

3.8. Regular Meetings.

Regular meetings of the Board shall be held at least quarterly at such time and place designated by the Chairperson/President by announcement at the preceding Board meeting, by written notice to the members of the Board by the Chairperson/President, or by resolution of the Board prescribing the time and place for regular meetings. The annual meeting may be counted as one of the quarterly meetings.

3.9. Special Meetings.

Special meetings of the Board may be called by or at the request of the Chairperson/President, the Chief Operating Officer, or a majority of the directors then in office.

3.10. Notice.

(a) Notice of any annual, regular or special meeting shall be given in writing by personal delivery, by United States mail, or by electronic mail to each director at least three days before the day on which the meeting is to be held. If given by United States mail, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the

director at the address as shown in the records of the Corporation with postage thereon prepaid. If given by electronic mail, such notice shall be deemed to be delivered upon receipt by the sender of an electronic acknowledgment of delivery to the recipient at the electronic mail address of the recipient as shown in the records of the Corporation.

(b) Notice may be waived in writing by any director either before or after the meeting. Attendance at any meeting by a director shall be deemed to be a waiver of notice unless the director intends to object to the transaction of business because the meeting is not lawfully convened.

(c) Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

3.11. Quorum.

A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; provided, that if less than a majority of the directors are present, those directors present may adjourn the meeting from time to time without further notice. Any director may participate in and act at any meeting of the Board through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meetings shall constitute attendance and presence in person at the meeting of the person or persons so participating.

3.12. Manner of Acting.

Except as set forth below, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board except where otherwise provided by law or by these Bylaws. There shall be no voting by proxy.

(a) Action Requiring Approval of Hospital Directors. The following actions of the Board shall require, in addition to the requirements for action set forth in Section 3.12, affirmative approval of the majority of the Hospital Directors, including at least one (1) OSF Physician, present at a meeting at which a quorum is present:

(1) approval of the Corporation's marketing plan;

(2) approval of the standard form physician employment agreement and material changes and amendments thereto, which shall be substantially similar to the form of agreement used by OSF;

(3) amendment of the standard compensation formula for physicians, subject to the provisions of Section 12.5.1 of the Affiliation Agreement;

(4) waiver of any covenant not to compete or solicit with physicians;

(5) entrance into or termination of any managed care contracts, subject to the provisions of Section 12.5 of the Affiliation Agreement;

(6) establishment of office locations other than the initial office, relocation of an office, or strategic placement of a physician in an office, provided, however, the OMC Physician Shareholders shall have the right to refuse a move involving them;

(7) determination as to whether a practice site shall be operated on a full-time or part-time basis, and determination as to how such sites shall be staffed;

(8) approval of any agreements that implicate the Medicare and Medicaid Anti-Kickback Statute or the Ethics in Patient Referral Act or potentially involve matters that may implicate the False Claims Act;

(9) the decision to hire or terminate a physician;

(10) incurrence of non-budget expenses in excess of Five Thousand Dollars ($5,000); and

(11) entrance into contracts in amounts greater than Ten Thousand Dollars ($10,000.00) except for those listed in Section 3.12(b).

(b) Actions Requiring Approval of Physician Directors. The following actions of the Board shall require, in addition to the requirements for action set forth in Section 3.12, affirmative approval of the majority of the Physician Directors present at a meeting at which a quorum is present, provided at least four (4) Physician Directors are in attendance:

(1) recruitment of physicians, subject to Section 3.12(a)(8) and Section 3.12(a)(9);

(2) development and implementation of office policies and procedures, subject to Section 2.4;

(3) approval of the type of supplies that may be purchased within the budgeted amounts;

(4) determination of hours and schedules for office locations and physicians, subject to Section 3.12(a)(7);

(5) entrance into maintenance agreements within budgeted amounts;

(6) entrance into contracts with third parties to provide management personnel or independent contractor services to maintain an existing or board- approved program or service on an emergency or interim basis not exceeding thirty (30) days and at fair market value;

(7) entrance into contracts to retain organizations to provide temporary, professional personnel on an hourly fee basis for not longer than six (6) months' duration within budgeted amounts and at fair market value; and

(8) termination of non-supervisory employees other than physicians, the Chief Operating Officer, the Director of Business Services, and the Director of Patient Services, and hiring of employees consistent with applicable law and consistent with the consolidated operating and capital budgets of the Affiliated Corporations, and consistent with any policy governing such matter.

3.13. Informal Action.

Any action required to be taken at a meeting of the Board or any committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be provided by all of the directors then in office or all members of a committee of the Board, as the case may be. Written consent may be provided by electronic mail. All the approvals evidencing consent shall be delivered to the Secretary at such mailing or electronic mail address as the Secretary may designate to be filed in the records of the Corporation. The action shall be effective when all of the directors or the committee members, as the case may be, have approved the consent, unless the consent specifies a different effective date.

3.14. Procedure.

Robert's Rules of Order Revised (latest edition) shall govern procedure at all meetings of the Board and its committees where not covered expressly by these Bylaws.

3.15. Compensation.

Directors shall not receive compensation for their services as such, but may be reimbursed for *bona fide* expenses incurred arising out of services rendered. Nothing herein shall prohibit payment of compensation to an individual serving as a director who renders services to the Corporation in another capacity.

3.16. Conflict of Interest.

(a) Any director, officer or key employee who has an interest in a contract or other transaction presented to the Board or a committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of such interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the Corporation's interest.

(b) The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use any personal influence on, nor participate (other than to present factual information or to respond to questions) in, the discussions or deliberations with respect to such contract or transaction. Such person shall not be counted in determining the existence of a quorum at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation, and whether a quorum was present.

(c) (c) For the purposes of this Section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she is the party (or one of the parties) contracting or dealing with the Corporation, or is a director, trustee, manager, or officer of, or has a significant financial or influential interest in, an entity (other than an entity that controls, is controlled by, or is under common control with the Corporation, either directly or indirectly) contracting or dealing with the Corporation.

ARTICLE IV
OFFICERS

4.1. Officers.

The officers of the Corporation shall be a Chairperson/President, a Vice President of Medical Affairs, a Secretary, and a Treasurer. In addition, there shall be a Chief Operating Officer, who shall have primary administrative responsibility for the daily operations of the Corporation. The Chairperson/President shall be the chief executive officer of the Hospital. The Board may nominate additional officers as it shall deem desirable. Unless specifically provided in these Bylaws, an officer need not be a director. One person may hold two or more offices.

4.2. Election and Term of Office.

The initial officers upon approval by the Sole Shareholder of these amended and restated Bylaws shall be the then-current officers. Upon expiration of the terms of the then-current officers, new officers shall be elected by the Sole Shareholder. Each officer shall hold office for a term of one year or until a successor is elected, unless such officer shall sooner resign or be removed.

(a) An officer may be elected successively without limitation on the number of terms served.

(b) The term of office of all officers shall commence immediately following the meeting at which they were elected by the Sole Shareholder.

(c) The term of office of any officer shall end at the close of the annual meeting held during the year in which the term expires, or upon the appointment and qualification of a successor, whichever shall occur last.

4.3. Resignation and Removal of Officers.

Any officer may resign at any time by giving written notice to the Chairperson/President or Secretary. Such resignation shall take effect at the time specified therein. Any officer may be removed by the Sole Shareholder whenever in the judgment of the Sole Shareholder the best interests of the Corporation will be served thereby.

4.4. Vacancies.

A vacancy in any elected office may be filled by the Sole Shareholder for the unexpired portion of the term.

4.5. Chairperson/President.

The Chairperson/President shall preside at all meetings of the Board. Subject to the Reserved Powers, the Chairperson/President may sign and execute, on behalf of the Corporation with the Secretary or any other proper officer of the Corporation authorized by the Board, any corporate records, documents and instruments. The Chairperson/President shall have and exercise, subject to the Reserved Powers, all powers usually incident to the office of the Chairperson/President of a business corporation and shall perform such other duties as may be delegated by the Board from time to time. The Chairperson/President must be a member of the Board.

4.6. Vice-President of Medical Affairs.

The Vice President of Medical Affairs shall provide medical direction and leadership to the physicians and staff of the Corporation and assist the Chairperson/President and Chief Operating Officer in formulating policies and procedures involving medical services provided by the Corporation.

4.7. Chief Operating Officer.

Subject to the Reserved Powers and to such supervisory powers, if any, as may be given by the Board to the Chairperson/President, the Chief Operating Officer shall be the highest executive officer of the Corporation and shall, subject to the control of the Board and the Chairperson/President, have general supervision, direction and control of the business and affairs of the Corporation and shall have the general powers and duties of management, including, but not limited to:

(a) Advising and making recommendations to the Board relating of the operation of the Corporation and strategic planning;

(b) Presenting a report at each annual meeting of the Board covering the operations during the preceding fiscal year;

(c) Signing any deeds, bonds, contracts or other instruments which the Board has authorized to be executed by the Chief Operating Officer, either alone or with the Secretary or other officer of the Corporation, as authorized by the Board;

(d) Attending and participating without vote in meetings of the Board;

(e) Attending and participating without vote in meetings of the Executive Committee of the Board, if any;

(f) Directing and supervising the activities and performance of subordinate executives of the Corporation in accordance with the management structure approved by the Board from time to time; and

(g) Performing all duties incident to the office of Chief Operating Officer and such other duties as may be prescribed by the Board.

4.8. Secretary.

Subject to the Reserved Powers, the Secretary shall sign documents of the Corporation from time to time as required; keep the minutes of the meetings of the Board and a record of actions of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents as required; and perform such additional duties as may be assigned by the Chief Operating Officer or delegated by the Board.

4.9. Treasurer.

Subject to the Reserved Powers, the Treasurer shall be responsible for the custody of the funds and securities of the Corporation; report to the Board respecting its financial condition and the handling of its monies and investments; and perform such additional duties as may be assigned by the Chief Operating Officer or delegated by the Board.

ARTICLE V
COMMITTEES

5.1. Designation.

The Board may, by resolution, create committees as needed and define the activities thereof. Unless prohibited by law, the Articles of Incorporation, or these Bylaws, the Board may delegate authority to Board committees. Members of Board committees shall be appointed by the Chairperson/President unless otherwise provided for by these Bylaws or by resolution of the Board. Committees may include persons other than directors; provided, that Board committees shall include two or more directors, and a majority of the members of each Board committee shall be directors. The Chairperson/President shall be an *ex officio* voting member of all Board committees, except as provided in Section 5.12.

5.2. Term of Office.

Each member of a Board committee shall serve until the next annual meeting of the Board or until a successor is appointed.

5.3. Resignation and Removal.

Any committee member may resign at any time by giving written notice to the Chairperson/President or Secretary. Such resignation shall take effect at the time specified therein. Any committee member may be removed by the Chairperson/President or by a majority vote of the Board.

5.4. Vacancies.

Vacancies in the membership of any committee shall be filled by the Chairperson/President.

5.5. Committee Chairperson.

The Chairperson/President shall serve as chairperson of the Executive Committee and designate one member of each other committee(s) to serve as chairperson of that committee.

5.6. Notice.

Committees shall meet at the call of the chairperson of the committee. Notice of any committee meeting shall be given at least three business days before the meeting is to be held. Notice of the meeting shall be either oral or in writing at the discretion of the committee chairperson, and if given in writing shall be given in the manner described in Section 3.11.

5.7. Quorum.

A majority of the committee membership shall constitute a quorum for the transaction of business at any meeting of the committee.

5.8. Manner of Acting.

The act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. A committee may also act by unanimous consent in writing without a meeting in the manner described in Section 3.14.

5.9. Minutes.

Each committee shall keep minutes of its meetings and shall regularly report to the Board.

5.10. Rules.

Each committee may adopt rules for its own governance not inconsistent with these Bylaws or with actions by the Board.

5.11. Executive Committee.

(a) The Executive Committee, if created by the Board, shall be composed of not less than three members and not more than seven members, including the Chairperson/President and other members selected from among the directors by the Chairperson/President. The Chairperson/President shall be the chairperson of the Executive Committee.

(b) The Executive Committee shall serve during periods when the Board is not in session. The Executive Committee shall be authorized, subject to the Reserved Powers, to take such action as may be necessary on behalf of the Corporation.

5.12. Clinical Issues And Physician Advisory Committee.

A clinical advisory committee ("**Clinical Advisory Committee**"), consisting of the Physician Directors and the OSF Physicians, shall manage clinical care issues, physician advisory issues, and other issues requiring professional medical judgment. The

Chairperson/President of the Corporation and the Chief Operating Officer of the Corporation shall be *ex officio* members of the Clinical Advisory Committee without vote. The Clinical Advisory Committee shall:

(1) determine whether to discharge a patient; and

(2) establish on-call coverage schedules.

Notwithstanding the foregoing, the Vice-President of Medical Affairs must be consulted on all clinical issues and physician advisory issues, involving the practice of medicine or provision of professional medical services for patients of the Corporation.

ARTICLE VI
FISCAL MATTERS

6.1. Fiscal Year.

The fiscal year of the Corporation shall commence on the first day of October and end on the last day of September, or such other dates as established by the Hospital from time to time.

6.2. Contracts.

Subject to the Reserved Powers, the Board may authorize officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation.

6.3. Loans.

No loans or borrowing shall be contracted for or on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Sole Shareholder. No loan shall be granted to any officer or director of the Corporation.

6.4. Checks and Drafts.

All checks, drafts, or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation or to the Corporation, shall be signed or endorsed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

6.5. Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select upon approval by the Sole Shareholder.

6.6. Books, Records and Accounts.

The Corporation shall keep or cause to be kept correct and complete books and records of account and shall also keep minutes of the proceedings and records of the actions of the Board

and its committees. All books and records of the Corporation may be inspected by the Sole Shareholder or any member of the Board for any proper purpose at any reasonable time. In addition, the Corporation shall annually cause a certified audit of its accounts, in compliance with Section 2.2(f) of these Bylaws, to be made and shall cause to be filed the necessary reports, tax returns or other documents as may be required by law on its behalf.

ARTICLE VII
INDEMNIFICATION

7.1. Power to Hold Harmless.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, with respect to any criminal action or proceeding that the person had reasonable cause to believe that his or her conduct was lawful.

7.2. Power to Indemnify Litigant.

Subject to the laws of Illinois in effect from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

7.3. Reimbursement Authorized.

To the extent that a director, officer, employee or agent of the Corporation has been successful, on the merits or otherwise in the defense of any action, suit or proceeding referred to in Sections 7.1 or 7.2, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

7.4. Determination if Reimbursement is Proper.

Any indemnification under Sections 7.1 or 7.2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 7.1 and 7.2. Such determination shall be made: (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the Sole Shareholder.

7.5. Advance of Expenses.

Expenses incurred in defending a civil or criminal action, suit or proceedings may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article.

7.6. Non-Exclusivity.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of the Sole Shareholder or disinterested directors, or otherwise, both as to action in his or her official capacity, and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

7.7. Right to Acquire Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or who is or was serving at the request of the Corporation as a director, officer employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE VIII
CORPORATE SEAL

The Board shall adopt a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, the state of incorporation and the words "Corporate Seal".

ARTICLE IX
AMENDMENT OF BYLAWS

These Bylaws may be altered, amended, restated or repealed by the Sole Shareholder upon its own motion or upon a recommendation from the Board at any regular meeting or special meeting called for that purpose. These Bylaws shall be reviewed annually.

ADOPTED by the Board of Directors of **[new name of Ottawa Regional Medical Center, Inc.]**, this _____ day of _____, 2012, at Ottawa, Illinois.

_____
Chairperson/President

ATTEST:

_____
Secretary

(SEAL)

EXHIBIT F

Forms of Amended and Restated Governing Documents of OR Cardinal Sleep

Form **LLC-5.25** April 2010	Illinois Limited Liability Company Act **Articles of Amendment**	**FILE #:**
Secretary of State Department of Business Services Limited Liability Division 501 S. Second St., Rm. 351 Springfield, IL 62756 217-524-8008 www.cyberdrivelllinois.com Make check payable to Secretary of State. If check is returned for any reason this filing will be void.	**SUBMIT IN DUPLICATE** Type or print clearly. **This space for use by Secretary of State.** **Date:** **Filing Fee:** $150 **Approved:**	**This space for use by Secretary of State.**

1. Limited Liability Company Name: Ottawa Regional Cardinal Sleep Center, LLC

2. Articles of Amendment effective on:
   ☒ the file date
   ☐ a later date (not to exceed 30 days after the file date) _____
   Month, Day, Year

3. Articles of Organization are amended as follows (check applicable item(s) below):
   - ☐ a) Admission of a new member (give name and address below)*
   - ☐ b) Admission of a new manager (give name and address below)*
   - ☐ c) Withdrawal of a member (give name below)*
   - ☐ d) Withdrawal of a manager (give name below)*
   - ☐ e) Change in address of the office at which the records required by Section 1-40 of the Act are kept (give new address, including county below)
   - ☐ f) Change of registered agent and/or registered agent's office (give new name and address, including county below) *(Address change of P.O. Box alone or c/o is unacceptable.)*
   - ☒ g) Change in the Limited Liability Company's name (give new name below)
   - ☐ h) Change in date of dissolution or other events of dissolution enumerated in Item 6 of the Articles of Organization
   - ☐ i) Other (give information in space below)
   - ☐ j) Establish authority to issue series (see back; filing fee $400)*

   * Changes in members/managers may, but are not required to, be reported in an amendment to the Articles of Organization.

   Additional information:

New Name of LLC (if changed): [New Name of Ottawa Regional Cardinal Sleep Center, LLC]

(continued on back)

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4. This amendment was approved in accordance with Section 5-25 of the Illinois Limited Liability Company Act, and, if adopted by the managers, was approved by not less than the minimum number of managers necessary to approve the amendment, member action not being required; or, if adopted by the members, was approved by not less than the minimum number of members necessary to approve the amendment.

5. I affirm, under penalties of perjury, having authority to sign hereto, that these Articles of Amendment are to the best of my knowledge and belief, true, correct and complete.

Dated: _____, _____
Month/Day Year

_____
Signature (Must comply with Section 5-45 of ILLCA.)

_____
Name and Title (type or print)

_____
If the member or manager signing this document is a company or other entity, state Name of Company and whether it is a member or manager of the LLC.

*** The following paragraph is adopted when Item 3j is checked:**

The operating agreement provides for the establishment of one or more series. When the company has filed a Certificate of Designation for each series, which is to have limited liability pursuant to Section 37-40 of the Illinois Limited Liability Company Act, the debts, liabilities and obligations incurred, contracted for or otherwise existing with respect to a particular series shall be enforceable against the assets of such series only, and not against the assets of the Limited Liability Company generally or any other series thereof, and unless otherwise provided in the operating agreement, none of the debts, liabilities, obligations or expenses incurred, contracted for or otherwise existing with respect to this company generally or any other series thereof shall be enforceable against the assets of such series.

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EXHIBIT G

Ottawa Party Board Member Position Description

POSITION DESCRIPTION:
[NEW NAME OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER]
BOARD MEMBER

General Summary

The Board of **[new name of Ottawa Regional Hospital & Healthcare Center]** (the "**Corporation**") is responsible to review and approve policies, make decisions and engage in oversight for OSF Healthcare System ("**OSF**") and its sponsorship member, The Sisters of the Third Order of St. Francis (the "**Third Order**") and their Mission of caring for the sick and the poor, entrusted to them by the Catholic Church. The role of the Board is to govern, not to manage, the Corporation. To that end, the Board establishes the strategies and goals of the Corporation, reviews and approves policies and makes decisions to support those ends, and oversees performance and exercises accountability for results.

Corporate Philosophy

It is the obligation of the members of the Board to abide by and promote the Philosophy, Values, Mission and Vision of the Third Order.

Reserved Powers

In the exercise of their authority in the fulfillment of their duties, the Board Members shall observe and respect the Reserved Powers held by OSF Healthcare System.

Legal Dutics

The Board members have the following legal duties:

- A duty to uphold the charitable purpose of the Corporation, a duty that should be demonstrable in all the Board's decisions.
- A duty of loyalty, to act based on the best interests of the Corporation and the wider communities it serves.
- A duty of care, to act in good faith with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the director reasonably believes to be in the best interests of the corporation, by preparing for meetings, attending faithfully, participating in discussions, asking questions, making sound and independent business judgments and seeking independent opinions when necessary.

Core Responsibilities

The Board members shall fulfill certain core or fundamental responsibilities in overseeing the efforts of the Corporation. These responsibilities focus on:

1. Adherence to the Teachings of the Catholic Church

2. Strategic Direction Oversight
3. Quality and Patient Safety Oversight
4. Financial Oversight
5. Management Oversight, including participating in selection and evaluation of a well-qualified and ethical CEO
6. Governing Documents, Policies, Executive Compensation, Credentialing, Risk Management and Legal and Ethical Compliance Oversight
7. Self-Assessment & Development, including keeping abreast of any relevant developments in the Corporation's service area and the healthcare industry generally
8. Advocacy

1. **Adherence to the Teachings of the Catholic Church**. The Board Members have the responsibility to ensure that the Moral and Ethical Teachings of the Catholic Church are followed as they pertain to the Mission of the Third Order.

2. **Strategic Direction Oversight**. The Board members have the responsibility to recommend the future direction the organization will take to meet the community's health needs and ensure the ongoing Mission of the Third Order. To fulfill this responsibility, the Board shall:

   a. Review and recommend to the OSF Board the Vision of the Corporation.

   b. Ensure that the strategic management plan reflects the needs and concerns of the Corporation and its subsidiaries and understand the Board's role in its implementation.

   c. Monitor the programs and initiatives of the Corporation to ensure consistency with the OSF system-wide plan.

   d. Annually review and recommend to the OSF Board the strategic management plan of the Corporation and its affiliates and ensure that the strategic management plan is consistent with the Mission, Vision and Values of OSF.

   e. Assess the extent to which the Corporation meets its goals and objectives.

   f. Review and recommend to the OSF Board the establishment of joint ventures involving the Corporation.

   g. Review, and recommend to the OSF Board the establishment and discontinuance of major services.

3. **Quality and Patient Safety Oversight**. The Board members have the responsibility to ensure the quality, safety and reliability of all services provided by the Corporation and its subsidiaries. Consistent with the OSF system-wide policies and initiatives, the Board shall:

   a. Approve annual plans for quality performance improvement and patient safety.

b. Make sure that there are explicit quality and safety improvement targets set and met for the Corporation.

c. Analyze committee reports on clinical outcomes, patient safety, and quality of service to ensure fulfillment of the Corporation's commitment to quality.

d. Take corrective action, when appropriate and necessary, to address quality performance.

e. Recognize that the quality of services shall be closely related to strategic planning and financial oversight responsibilities.

4. **Financial Oversight.** The Board members have responsibility for the financial integrity of the Corporation. Consistent with OSF system-wide policies and initiatives, the Board shall:

a. Review and approve financial policies, plans, programs, standards and goals to ensure preservation and enhancement of the Corporation's assets and resources.

b. Provide oversight for the assets of the Corporation.

c. Review and recommend to the OSF Board the annual Operating Budget, Capital and Special Project Budgets for the Corporation and its affiliates.

d. Analyze actual performance against budget projections.

e. Review and recommend to the OSF Board major capital plans outside the budget cycle for the Corporation.

5. **Management Oversight**. The Board members shall oversee management performance by the Corporation's CEO. Consistent with OSF system-wide policies and initiatives, the Board shall:

a. Recruit and recommend employment of the Corporation's CEO to the OSF Board.

b. Evaluate the performance of the Corporation's CEO annually using goals and objectives agreed upon with him or her at the beginning of the evaluation cycle.

c. Communicate regularly with the Corporation's CEO regarding the Board's goals, expectations, and concerns.

d. Establish specific performance policies that provide the Corporation's CEO with a clear understanding of what the Board expects and update these policies based on changing conditions.

e. Periodically review the Corporation's top management succession plans to ensure leadership continuity.

6. **Governing Documents, Policies, Executive Compensation and Compliance Oversight**. The Board members shall:

   a. Govern the organization in conformance with the Corporation's Articles of Incorporation and Bylaws, and the applicable provisions of the OSF Corporate Policies.

   b. Recommend to the OSF Board amendments and additions to the Corporation's Articles of Incorporation and Bylaws.

   c. Recommend to the OSF Board amendments and additions to policies within the Corporate Administrative Manual.

   d. Take appropriate action to assure adherence to and respect of the Reserved Powers held by OSF, and, with respect to the Corporation's affiliates, the reserved powers held by the Corporation.

   e. Make recommendations to OSF regarding team awards, management incentive compensation and executive compensation consistent with programs established by the OSF Board.

   f. Make recommendations to OSF for the annual compensation of the Corporation's CEO.

   g. Establish and oversee programs to ensure that the organization and its subsidiaries fulfill legal, regulatory and accreditation requirements.

7. **Self-Assessment & Development**. The Board members shall assume responsibility for their own effective and efficient performance. To discharge its stewardship responsibilities, the Board shall:

   a. Annually evaluate the Board's performance.

   b. Evaluate the Board performance of individual Board members to determine the appropriateness of continued service on the Board.

   c. Maintain and update policy statements regarding roles, responsibilities, duties, and job descriptions for itself, its members, officers and committees.

   d. Participate both as a Board and as individuals in orientation programs and continuing education programs.

8. **Advocacy**. The Board members need to focus on advocacy and lobbying around public policy issues. In order to take an activist role, the Board shall:

   a. Set goals for the organization around the issue of public advocacy.

b. Build relationships and support the Corporation's policies with key stakeholders, political leaders and donors, consistent with the Corporation's nonprofit, tax exempt status.

c. Ensure that each subsidiary of the Corporation understands the community health needs in the communities it serves.

Performance Expectations for Board Members.

1. **Accountability**. Each Board member is ultimately accountable to act in the best interests of the Corporation, the Third Order and the Mission of the Third Order. Each Board member carries out his or her responsibilities in recognition of a fiduciary responsibility and does not represent the interests of any constituency or individual.

2. **Exercise of Authority**. Each Board member carries out the powers of his or her office only when acting as a voting member during a duly constituted meeting of the Board or one of its appointed bodies. Each Board member respects the responsibilities delegated by the Board to the Corporation's CEO, management, and the medical staff, avoiding interference with their duties but insisting upon accountability and reporting mechanism for assessing performance.

3. **Chain of Command**. If a member of the community or medical staff brings a specific issue, concern or complaint to a Board member, the Board member shall handle it through appropriate channels. In general, complaints and concerns about hospital operations or medical staff issues should be directed to the Corporation's CEO. Unresolved matters shall be brought to the Board, or to a Board committee, only after consultation with the Corporation's CEO and after other avenues for resolution have been attempted.

4. **Attendance**. Each Board member strives to attend all Board meetings, assigned committee meetings and Board retreats.

5. **Participation**. Each Board member comes to meetings prepared, asks informed questions, and makes a positive contribution to discussions. Each Board member treats others with trust and respect.

6. **Confidentiality**. Each Board member does not disclose proprietary, sensitive or personnel-related information.

7. **Public Support**. Each Board member explains and supports the decisions and policies of the Board in discussions with outsiders, even if the Board member voiced other views during Board discussions.

8. **Conflict of Interest**. Each Board member avoids conflicts of interest and fully complies with the Corporation's Conflict of Interest policy and other policies on individual conduct.

9. **Education**. Each Board member takes advantage of opportunities to be educated and informed about the Board, the Corporation, and the healthcare field.

10. **Self-evaluation**. Each Board member participates in the self-evaluation of the Board and individual members.

Schedule 3.3.1

Board Members and Officers of the Ottawa Parties

Ottawa Regional Hospital & Healthcare Center

OSF Board Members:

[OSF Board Member, to be appointed prior to Closing]
[OSF Board Member, to be appointed prior to Closing]
[OSF Board Member, to be appointed prior to Closing]
[OSF Board Member, to be appointed prior to Closing]
[OSF Board Member, to be appointed prior to Closing]
[OSF Board Member, to be appointed prior to Closing]
[OSF Board Member, to be appointed prior to Closing]

Community Board Members:

Eric Ortinau, M.D. – 1 year initial term
Mary Morgan – 1 year initial term
Christina Cantlin – 2 year initial term
Steve Gonzalo – 2 year initial term
Mark Palmer – 3 year initial term
George Shanley – 3 year initial term

Honorary Board Members:
[Honorary Board Member, to be agreed upon prior to Closing]
[Honorary Board Member, to be agreed upon prior to Closing]
[Honorary Board Member, to be agreed upon prior to Closing]
[Honorary Board Member, to be agreed upon prior to Closing]

Robert Chaffin – non-voting, *ex-officio* member

Ottawa Regional Healthcare Affiliates, Inc.

Board members shall be the same as those stated above for ORHHC.

Ottawa Regional Hospital Foundation

[OSF Appointee, to be appointed prior to Closing]
[OSF Appointee, to be appointed prior to Closing]

Bill Kummer – 1 year initial term *
Eric Ortinau, M.D. – 1 year initial term
Mary Morgan – 1 year initial term
Phil Deverman – 1 year initial term *
Christina Cantlin – 2 year initial term
Steve Gonzalo – 2 year initial term
Jane Goetz – 2 year initial term *
Mark Palmer – 3 year initial term
George Shanley – 3 year initial term
John Caruso – 3 year initial term *
Peg Kramer-Graves – 3 year initial term *

Robert Chaffin – non-voting, *ex-officio* member

Ottawa Regional Medical Center, Inc.

Hospital Directors:
Robert Chaffin, ORHHC President – voting, *ex-officio* member
Judy Christiansen, ORHHC Chief Operating Officer – voting, *ex-officio* member
Dawn Trompeter, ORHHC VP of Finance – voting, *ex-officio* member

Physician Directors:
[OSF Physician, to be appointed prior to Closing]
[OSF Physician, to be appointed prior to Closing]

Robert Maguire, MD – 2 year term expiring 12/6/13 (re-elected 12/6/11)
J. Naila Bhurgri, MD – 2 year term expiring 12/6/13 (replaced David Manigold, MD)
Romal Gandhi, MD – 2 year term expiring 12/6/13 (re-elected 12/6/11)
Adriana Dumitrescu, MD – 3 year term expiring 12/6/12
Cynthia Cabalfin, MD – 3 year term expiring 12/6/12
Raul Guerrero, MD – 3 year term expiring 12/6/12

Brian Rosborough, VP of Medical Affairs – non-voting, *ex-officio* member
Paula Swank, Chief Operating Officer – non-voting, *ex-officio* member

* The parties acknowledge that, pursuant to the Affiliation Agreement among OSF and the Ottawa Parties, the proposed Board members are subject to the mutual agreement of ORH and OSF.

Schedule 5.3.1

Ottawa Liens and Defaults Under Material Contracts

None.

Schedule 5.3.2

Ottawa Required Approvals

Ottawa Regional Hospital and Healthcare Center

Approval by the Members of Ottawa Regional Hospital and Healthcare Center pursuant to Article III, Section 7 of the Bylaws of Ottawa Regional Hospital and Healthcare Center.

Schedule 5.4.2

Ottawa Exceptions to GAAP

None.

Schedule 5.4.3

Ottawa Material Changes

None.

Schedule 5.4.4

Ottawa Liabilities

None.

Schedule 5.4.5

Ottawa Donor Restricted Funds

ORHHC

A restricted donation in the amount of $10,000 ($9,582 remains) was made to ORHHC, specifically to its LifeFit Program. The donation was given by check to ORHHC and there was no written agreement. The purposes of the donation was to allow individuals to participate in the LifeFit program who otherwise would not have the financial means to do so.

A restricted donation in the amount of $300 was received by ORHHC from [redacted] as apart of their [redacted] fundraising efforts and should be used to help a woman or women in need of financial assistance.

ORHF

Purpose of Donation	Amount
Hospice Welcome Baskets	$40.00
Baby Monitors	$305.00
Foundation Scholarships	$400.00
Health Center of Eastern LaSalle County	$25.00
Lunch Coupons	$100.00
SimMan 3G Manikin	$100.00
Television	$700.00
Wishing Well Miracle Baskets	$173.00
Permanently restricted	$4,725.00

Auxiliary

$1,250 from [redacted] to be used for ED equipment
$1,250 from ORHHC Medical Staff to be used for Deck the Halls events
$10,534.53 restricted for Family Room

Schedule 5.6

Ottawa Interim Changes

5.6.1

None.

5.6.2

None.

5.6.3

None.

5.6.4

Effective February 1, 2011, ORHHC and ORMC adopted policies entitled Staff Severance and Reduction in Force (Severance Policy). Pursuant to these policies, the following individuals received and executed Severance Agreements:

[redacted] executed a Severance Agreement prior to the adoption of the Severance Policy.

Additionally, the following individuals received and executed Retention Agreements:

[redacted]

Schedule 5.7

Ottawa Legal Proceedings

1. *Paul Ringer, S.R. and Alta Ringer v. Community Hospital of Ottawa, Jo Shawback, R.N. and Rhonda Dunne, R.N.*, No. 2008-L-53 (13th Cir. filed April 7, 2008).

2. *Thomas Hinkey, as Special Administrator of the estate of Elizabeth Hinkey v. Ottawa Regional Hospital & Healthcare Center d/b/a Home Health of Community Hospital of Ottawa et. al.*, No. 2009-L-182 (13th Cir. filed Sept. 15, 2009).

3. *Sandra L. Holliday v. Ottawa Regional Hospital and Healthcare Center et. al.*, No. 2010-L-161 (13 Cir. filed Sept. 21, 2010).

4. *U.S. Bank National Association, as trustee for BNC Mortgage Loan Trust 2007-1, Mortgage Pass-Through Certificates, Series 2007-1 v. Deborah L. Edwards, Ralph B. Edwards, Ottawa Regional Hospital and Healthcare Center et. al.*, No. 2010-CH-486 (13th Cir. filed Sept. 16, 2010).

5. *Laura Draper vs. Jamil Abdur-Rahman and Ottawa Regional Hospital*, No. 2010-L-203 (10th Cir. filed June 28, 2010).

6. *Kimberly Nolan vs. Idries Abdur Rahman and Ottawa Regional Hospital*, No. 2011-L-008594 (Circuit Court of Cook County filed August 17, 2011).

7. *Brent Landis and Christina Landis v. Ottawa Regional Hospital and Healthcare Center and Chin W. Swong, M.D.*, (13th Cir. Filed September 26, 2011).

Schedule 5.8.2

Ottawa Limitations on Licenses and Permits

On June 22, 2011, Ottawa was subject to a unannounced inspection by [redacted] of the Illinois Department of Public Health ("IDPH"). As a result of the inspection, Ottawa received a letter dated July 25, 2011 from CMS informing Ottawa that it was not in compliance with the Medicare Condition of Participation of Physical Environment, 42 CFR 482.41. Ottawa submitted a Plan of Correction that was delivered to IDPH, CMS & The Joint Commission on August 4th, 2011.

Ottawa received a letter from CMS dated November 23, 2011 stating that it still was not in compliance and that its Medicare agreement would be terminated on January 23, 2012. Ottawa contacted [redacted] at IDPH and she stated that the November 23, 2011 letter was just a formality, as IDPH was backlogged and had not yet reviewed Ottawa's Plan of Correction. On December 2, 2011, Ottawa received an additional letter from CMS requesting clarification of certain items in the Plan of Correction. Ottawa submitted a revised Plan of Correction to IDPH on December 12, 2011 clarifying those issues identified by CMS in its December 2, 2011 letter. Ottawa has not yet received a response to its most recent revised Plan of Correction from CMS or IDPH.

Schedule 5.11.1

Ottawa Owned Real Property and Leases

List of Owned Real Property

PIN	Address	Also Known As	Comment
21-12-201-000	TBD		Unimproved
21-12-233-000	TBD		Unimproved
21-01-405-000	TBD		Unimproved
21-01-402-000	1000 to 1100 E. Norris Dr. Ottawa, IL 61350	Main Campus	
21-01-402-009	1601 Mercury Circle Ottawa, IL 61350	Eastgate Subdivision, Lots 5 & 6, Block 2	
21-01-401-010	1100 East Norris Ottawa, IL 61350	Eastgate Subdivision Outlot B, Block 1	
21-01-403-002	1209 Starfire Drive Ottawa, IL 61350		
21-01-403-003	1209 Starfire Drive Ottawa, IL 61350		
21-01-403-004	1209 Starfire Drive Ottawa, IL 61350		
22-24-113-000	401 E. McKinley Road Ottawa, IL 61350		
24-07-300-021	102 11th Street Marseilles, IL 61341	Clarks 2nd Addition, Lot 10	
21-01-401-009	1614 E. Norris Ottawa, IL		
21-12-201-001	1614 E. Norris Ottawa, IL		
21-01-402-008		Eastgate Subdivision, Block 2, Outlot A	
21-01-401-001	1200 Starfire Drive, Ottawa, IL 61350	Eastgate Subdivision, Lot 1, Block 1	
21-01-401-003	1200 Starfire Drive, Ottawa, IL 61350	Eastgate Subdivision, Lot 2, Block 1	

List of Owned Real Property Encumbered by Leaseholds or Subleaseholds

1. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Dekalb Clinic Chartered, dated July 31; 2000. [Medical Office Condominium, 1209 Starfire Drive - Suite 2]

2. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Kramer Management, Inc., dated August 1, 2007. [1100 E. Norris Drive]

3. Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Cardinal Sleep Center of LaSalle County, LLC, dated August 1, 2005, as modified by First Addendum to Lease Agreement dated September 8, 2005. [1100 E. Norris Drive]

4. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center and Maria Estillo, M.D. dated November 10, 2011 [1209 Starfire Drive, Suite 2]

5. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and George DePhillips M.D., dated December 22, 2006. [Medical Condominium, 1209 Starfire Drive – Suite 2]

6. Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Dialysis Centers of America – Illinois, Inc., dated July 6, 2006. [Medical Condominium, 1209 Starfire Drive]

7. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and R.L. Goel M.D., dated July 31, 2000, as amended by Office Lease Amendment dated May 12, 2006. [Medical Condominium, 1209 Starfire Drive – Suite 2]

8. Medical Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and HeartCare Midwest, dated March 29, 2007. [1050 E. Norris Drive, #2C]

9. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Cardiology Associates of Northern Illinois, L.L.C. d/b/a Heartland Cardiovascular Center, L.L.C., dated July 31, 2000. [Medical Condominium, 1209 Starfire Drive – Suite 2]

10. Medical Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Gerald Levisay, M.D., dated April 28, 2006. [1050 E. Norris Drive, #1C]

11. Medical Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Illinois Valley Surgical Associates, dated July 30, 2010. [1050 E. Norris Drive, #2B]

12. Storage Rental & Staff Usage Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Dr. Koehn and Dr. Estillo, dated December 16, 2004. [1100 E. Norris Drive]

13. Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Tiffany Mance M.T., dated June 3, 2009. [1050 E. Norris Drive, #2D]

14. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Maternal Fetal Diagnosis Center, dated February 1, 2005. [1100 E. Norris Drive]

15. Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center and Ottawa Regional Medical Center, Inc., dated January 1, 2010. [1614 E. Norris Drive]

16. Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center and Ottawa Regional Medical Center, Inc., dated January 1, 2010. [102 11th Street, Marseilles]

17. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center and OSF Healthcare System, dated November ___, 2009. [Medical Condominium, 1209 Starfire Drive – Suite 2]

18. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Renal Care Associates, dated February 1, 2005. [1100 E. Norris Drive]

19. Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and James Williams M.D., dated March 2, 2007. [1100 E. Norris Drive]

20. Medical Office Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (f/k/a Community Hospital of Ottawa) and Women's Healthcare Partners, dated April 30, 2007. [1050 E. Norris Drive, #1B]

21. Lease Agreement by and between Ottawa Regional Hospital & Healthcare Center (assigned from Ottawa Medical Center, P.C.) and Benner Family Pharmacy, Inc., dated April 20, 2009. [1614 E. Norris Drive]

22. Positron Emission Tomography Pad Rental Agreement by and between Ottawa Medical Center, P.C. and Northern Shared Medical Services, Inc., dated September 2005.

5.11.1

(a) None.

(b) BNY Midwest Trust Company, UCC Financing Statement Number 8737924, filed on May 26, 2004; Continuation, UCC Financing Statement Number 08987110, filed May 19, 2009; Amendment, UCC Financing Statement Number 089871410, filed on May 19, 2009 (changing secured party name to The Bank of New York Mellon Trust Company, N.A.); Amendment, UCC Financing Statement Number 09065772, filed September 16, 2010 (changing name of debtor); Amendment, UCC Financing Statement Number 9067161, filed on September 24, 2010 (adding secured party of The First National Bank of Ottawa, as Lender under the Series 2010 Obligation).

(c) None.

(d) None.

(e) A portion of the Owned Real Property as shown on Maps 1, 2, 3 and 4 attached to this Schedule 5.11.1, is located within a 100 year flood area. As shown on the Attached Maps 1, 2, 3 and 4, all occupied structures on the Owned Real Property are located outside of the 100 year flood area; however the pillars supporting the 1050 Parking Garage are within the 100 year flood area.

(f) None.

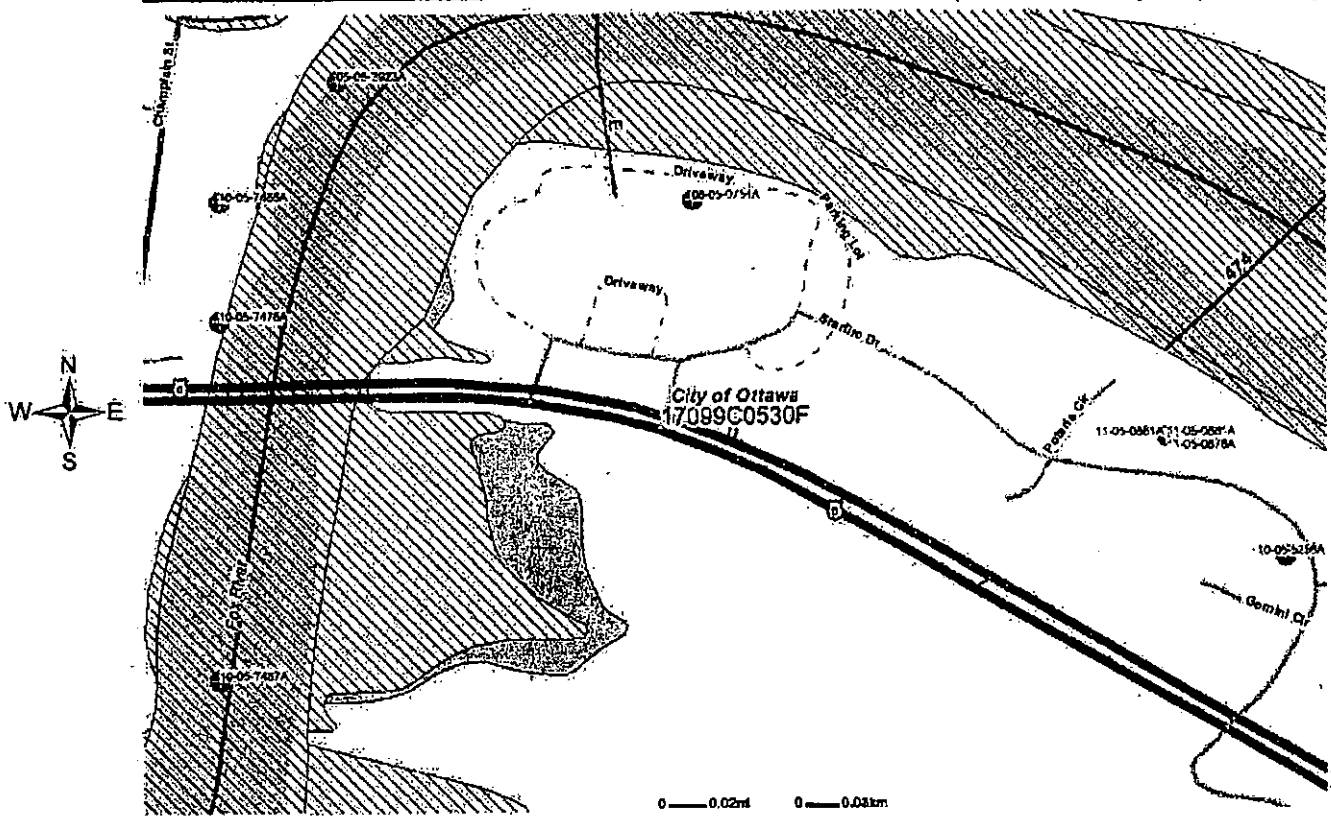
(h) None.

(i) None.

(j) None.

Mapping Information Platform

This Map Is For Advisory Purposes Only



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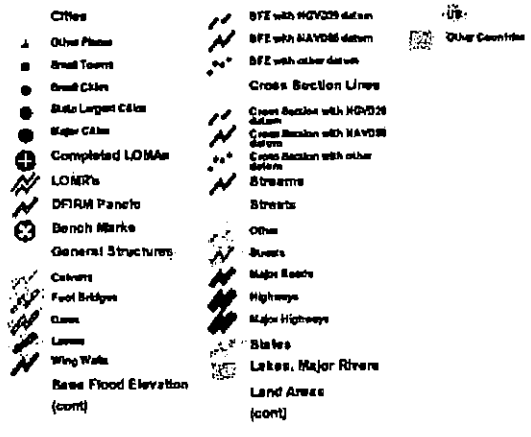


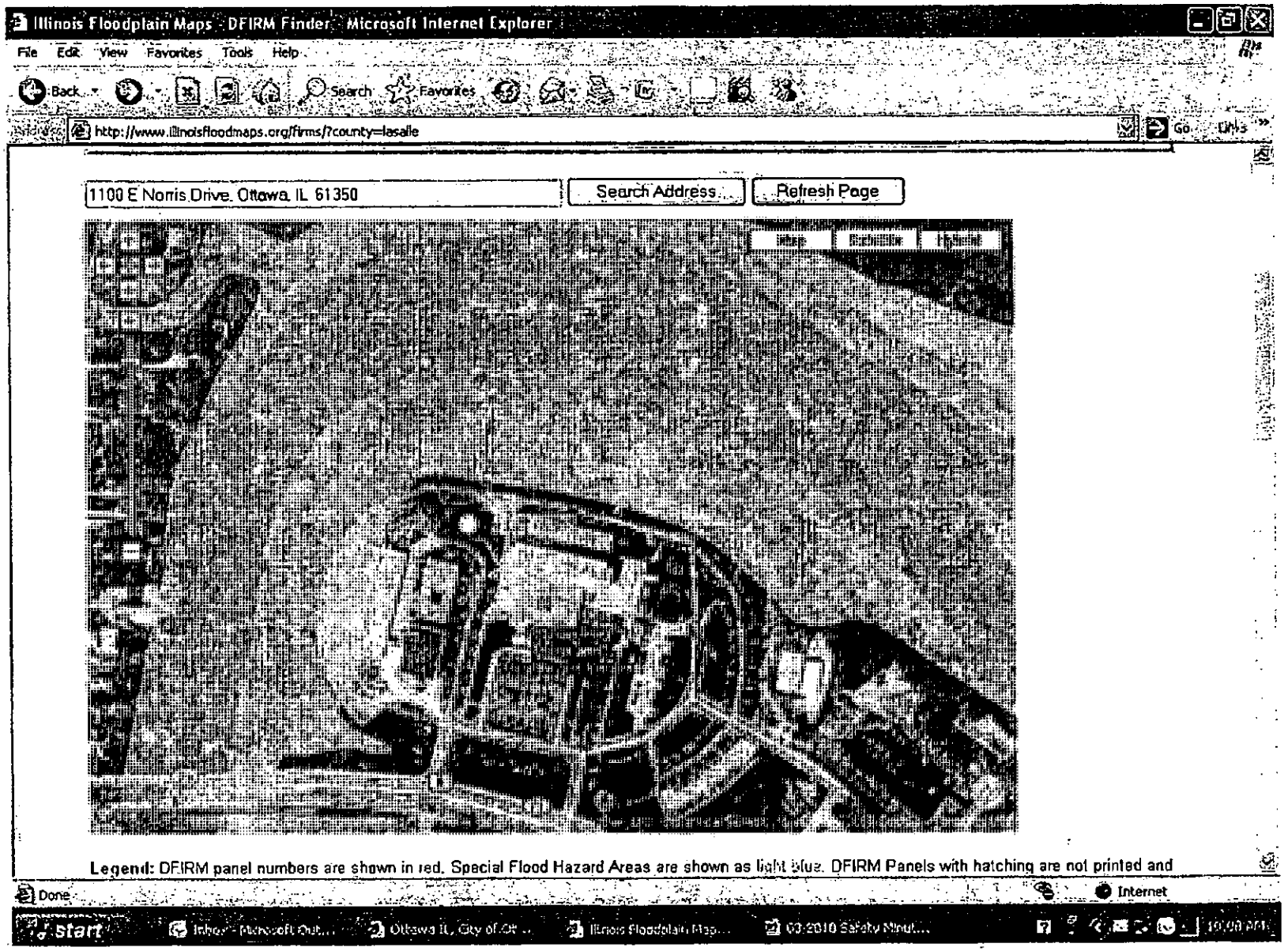
Wednesday, 4 January 2012 14:36

FEMA

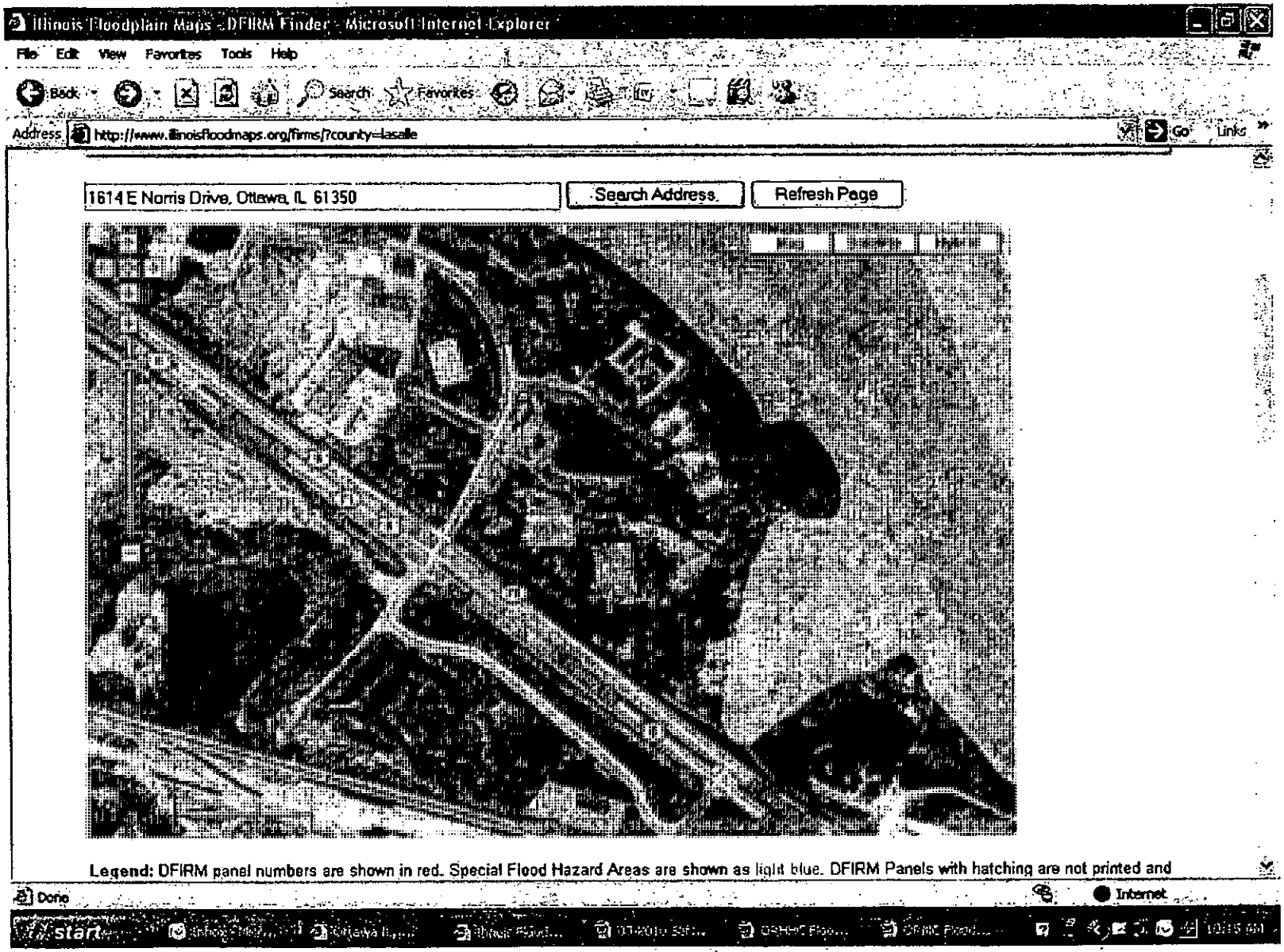
Map 1

ATTACHMENT #5

ATTACHMENT #5



Map 2


Illinois Floodplain Maps - DFIRM Finder - Microsoft Internet Explorer
File Edit View Favorites Tools Help
Back Search Favorites
Address http://www.illinoisfloodmaps.org/firms/?county=lasalle
Go Links
1614 E Norris Drive, Ottawa, IL 61350
Search Address
Refresh Page
Legend: DFIRM panel numbers are shown in red. Special Flood Hazard Areas are shown as light blue. DFIRM Panels with hatching are not printed and
Done
Internet
start

Map 3

ATTACHMENT #5

Map 4

Schedule 5.11.2

Ottawa Compliance with Environmental Law

None.

Schedule 5.12

Ottawa Title Exceptions

1. BNY Midwest Trust Company, UCC Financing Statement Number 8737924, filed on May 26, 2004; Continuation, UCC Financing Statement Number 08987110, filed May 19, 2009; Amendment, UCC Financing Statement Number 089871410, filed on May 19, 2009 (changing secured party name to The Bank of New York Mellon Trust Company, N.A.); Amendment, UCC Financing Statement Number 09065772, filed September 16, 2010 (changing name of debtor); Amendment, UCC Financing Statement Number 9067161, filed on September 24, 2010 (adding secured party of The First National Bank of Ottawa, as Lender under the Series 2010 Obligation).

2 First National Bank of Ottawa, UCC Financing Statement Number 15438924, filed on July 16, 2010; Termination, UCC Financing Statement Number 01743234, filed on August 12, 2010.

3. Gordon Food Service, UCC Financing Statement Number 15584572, filed on September 10, 2010.

4. Siemens Financial Service, Inc., UCC Financing Statement Number 14249044, filed on April 29, 2009, as assigned by Siemens Diagnostics Finance Co. LLC, pursuant to UCC Financing Statement 8992474, filed on June 26, 2009.

5. Amerisourcebergen Drug Corporation, UCC Financing Statement Number 9652868, filed on March 22, 2005; Continuation, UCC Financing Statement Number 09029785, filed on February 22, 2010.

Schedule 5.13

Ottawa Affiliates and Subsidiaries

Radiation Oncology of Northern Illinois, LLC (57% ownership interest)

Fox River Cancer Center, LLC (38% ownership interest)

Ottawa Regional Healthcare Affiliates, Inc. (sole shareholder)

Ottawa Regional Foundation (members are individuals who serve on Governing Board of ORHHC)

Ottawa Regional Medical Center, Inc.

OR Cardinal Sleep, LLC

OR DME, LLC (50% ownership interest)

Schedule 5.15

Ottawa Insurance Coverage

	Name of Insurer	Coverage	Premium	Expiration Date
Ottawa Regional Medical Center				
1.	Sentinental Insurance Company	Commercial Package (including commercial general liability)	$[redacted]	3/19/12
2.	Columbia Casualty Insurance	Malpractice Ins. for Express Care	$[redacted]	4/1/12
3.	Standard Fire Insurance	Flood Ins.	$[redacted]	7/21/12
4.	ISMIE	Malpractice	$[redacted]	1/1/13
Ottawa Regional Hospital and Healthcare Center				
5.	Federal Insurance Company	Property Policy	$[redacted]	9/1/12
6.	Federal Insurance Company	Business Automobile	$[redacted]	9/1/12
7.	Progressive Premier Insurance Company of Illinois	Business Automobile - Transport	$[redacted]	9/1/12
8.	Columbia Casualty Insurance Company	Excess Liability	$[redacted]	9/1/12
9.	Ace Property & Casualty Insurance Company	Heliport Liability	$[redacted]	9/1/12
10.	Westchester Fire Insurance Company	Non-owned Aircraft Liability	$[redacted]	9/1/12
11.	Federal Insurance Company	Management Liability	$[redacted]	8/31/12
12.	Travelers Casualty &	Fiduciary Liability	$[redacted]	9/1/12

	Name of Insurer	Coverage	Premium	Expiration Date
	Surety Company			
13.	Self-Insurance Trust	Hospital Professional Liability and General Liability	N/A	N/A
Auxiliary				
14.	Addison Insurance Company	Liability for Re Runs store	$[redacted]	9/25/12

All of the above Insurance Policies are in full force and effect and will remain in full force and effect through the Closing Date.

Schedule 5.16

Ottawa Tax Returns

None.

Schedule 5.17.1

Ottawa Employee Benefit Plans

Plans Maintained by Ottawa Regional Hospital and Healthcare Center

Ottawa Regional Hospital and Healthcare Center Employee Healthcare Plan (Plan No. 504)

Ottawa Regional Hospital & Healthcare Center CIGNA Traditional Dental Insurance (Plan No. 503)

Ottawa Regional Hospital Healthcare Center – Group Long Term Disability Insurance Certificate with The Hartford (Plan No. 507)

Ottawa Regional Hospital and Healthcare Center - Executive Life and Long Term Disability Plan

Ottawa Regional Hospital and Healthcare Center Salary Conversion Plan – Cafeteria Plan (Plan No. 506)

Ottawa Regional Hospital & Healthcare Center Hospital Employee Benefit Association Trust Group 24 Hour Business Activity Accident Group Insurance Arrangement (Plan No. 505)

Ottawa Regional Hospital & Healthcare Center Employee Group Term Life Insurance Plan (Plan No. 501)

Ottawa Regional Hospital & Healthcare Center Profit Sharing & 401(k) Plan (Plan No. 002)

Ottawa Regional Hospital and Healthcare Center 403(b) Plan (Plan No. 003)

Ottawa Regional Hospital & Healthcare Center Tuition Reimbursement Program Policy

Ottawa Regional Hospital and Healthcare Center Executive 457(b) Plan

Lifetime medical benefits are being provided to two retirees ([redacted])

Plans Maintained by Ottawa Regional Medical Center, Inc.

The Nonqualified Plan of Ottawa Regional Medical Center, Inc.

Schedule 5.17.3

Ottawa Benefit Plans without IRS Determinations

Ottawa Regional Hospital & Healthcare Center Profit Sharing & 401(k) Plan.

[Note: ORHHC relied on the IRS favorable opinion letter for the prototype plan].

Schedule 5.17.6

Ottawa Benefit Plan Exceptions

(i) None.

(ii) Lifetime retiree medical benefits are provided to two former employees: ([redacted] and [redacted]).

(iii)None.

(iv) None.

(v) None.

(vi) None.

(vii) Ottawa Regional Hospital & Healthcare Center – Executive 457(b) Plan and the Nonqualified Plan of Ottawa Regional Medical Center, Inc.

(viii) None.

(ix) None.

(x) The 2009 Form 5500 for the 403(b) Plan was filed three weeks late.

(xi) None.

(xii) Ottawa Regional Hospital and Healthcare Center Executive 457(b) Plan, the liabilities of which relate solely to salary reduction, elective deferrals, and earnings. Total Plan Liability Balance (Including Amounts Payable on a Change of Control) : $[redacted] (as of 12/31/2011).

The Nonqualified Plan of Ottawa Regional Medical Center, Inc., the liabilities of which relate solely to salary reduction, elective deferrals, and earnings. Total Plan Liability Balance (Including Amounts Payable on a Change of Control): $[redacted] (as of 12/31/2011).

(xiii) The lifetime retiree medical benefits provided to two former employees may not be terminated by the sponsoring employer.

(xiv) None.

Schedule 5.17.7

Ottawa Changes in Legal and Beneficial Ownership

None.

Schedule 5.18

Ottawa Labor Relations

None.

Schedule 5.19

Ottawa Payment Programs

5.19.1 Ottawa received a Notice of Termination letter from CMS related to certain physical deficiencies identified in an IDPH survey as violating the Medicare Conditions of Participation. Ottawa has submitted a revised Plan of Correction. See Schedule 5.8.2 for further description.

5.19.2 None.

5.19.3 None.

5.19.4 None.

5.19.8 Certain overpayments have been identified in connection with the audits conducted under the RAC program and such overpayments are being addressed on a case-by-case basis as notification is received.

5.19.9 Ottawa will comply with any required notices when the transaction is complete.

Schedule 5.19.5

Ottawa Open Cost Reports

Medicare Cost Reports FY 2008, 2009, 2010, and 2011 are open.

Medicaid Cost Reports FY 2008, 2009, 2010, and 2011 are open.

Blue Cross Cost Report FY 2011 is open.

Champus Cost Report FY 2011 is open.

Schedule 5.19.6

Ottawa Payment Programs Exceptions

None.

Schedule 5.19.7

Ottawa Audit Exceptions

ORHHC received a letter from CMS, dated August 3, 2009 regarding Progressive Corrective Action case of the use of HCPC 90806 when billing Psychiatric Therapeutic Services and notifying ORHHC that the case continues to be active.

ORHHC received a letter from CMS dated September 15, 2011 regarding a prepay probe notification related to DRG codes 291-293 (1 Day Stay—Heart Failure).

Audits performed in connection with the RAC program.

Schedule 5.20

Ottawa Accreditation

Ottawa received a Notice of Termination letter from CMS related to certain physical deficiencies identified in an IDPH survey as violating the Medicare Conditions of Participation. Ottawa has submitted a revised Plan of Correction. See Schedule 5.8.2 for further description.

Schedule 5.21

Ottawa Material Contract Defaults

None.

Schedule 5.22

Ottawa Compliance

(a) None.

(b) None.

(c) See Schedule 5.19.7 and Schedule 5.8.2.

(d) None.

(e) None.

(f) None.

Schedule 5.24

Ottawa Medical Staff

None.

SCHEDULE 6.3.1

OSF Liens and Defaults Under Material Contracts

Exceptions: NONE

SCHEDULE 6.3.2

OSF Required Approvals

Exceptions:

A. Approval by the Governing Board of The Sisters of the Third Order of St. Francis is required pursuant to Article II, Section 2 of the corporate bylaws of OSF.

B. The following consents are required to add new Members to the OSF Obligated Group:

- Written consent of Wells Fargo Bank, National Association, pursuant to:
  - Reimbursement Agreement dated as of August 1, 2007 by and between OSF Healthcare System and Wachovia Bank, National Association (now Wells Fargo Bank, National Association)
  - Reimbursement Agreement dated as of March 1, 2009 between Wells Fargo Bank, National Association, and OSF Healthcare System
- Written consent of PNC Bank, National Association, pursuant to:
  - Reimbursement Agreement dated as of March 1, 2009 by and between OSF Healthcare System and National City Bank (now PNC Bank, National Association)
  - Standby Bond Purchase Agreement dated as August 1, 2007 among OSF Healthcare System, National City Bank (now PNC Bank, National Association), and Wells Fargo Bank, National Association, as Trustee
- Written consent of JPMorgan Chase Bank, National Association, pursuant to:
  - Reimbursement Agreement dated as of March 1, 2009 between JPMorgan Chase Bank, National Association, and OSF Healthcare System
  - Standby Bond Purchase Agreement dated as August 1, 2007 among OSF Healthcare System, JPMorgan Chase Bank, National Association, and Wells Fargo Bank, National Association, as Trustee
  - Loan Agreement dated as of August 1, 2009 among JPMorgan Chase Bank, National Association, as Lender, and Illinois Finance Authority, as Issuer, and OSF Healthcare System, as Borrower
- Written consent of Bank of America, N.A. pursuant to a Credit Agreement dated as of August 24, 2011, between Bank of America, N.A. and OSF Healthcare System

SCHEDULE 6.6

OSF Legal Proceedings

Exceptions: NONE

SCHEDULE 6.7.2

OSF Exceptions to GAAP

Exceptions:

1. Inventories. Inventory counts are taken during the later part of August each year instead of on September 30th. OSF engages an outside entity to perform counting service and in order to receive the results of the counts in time to close the books in a timely manner the counts are performed in the month before year-end. Supplies purchased in the month of September are expensed and reviewed for reasonableness. Any adjustments that would be incurred as a result of performing the count on September 30th are immaterial.

2. Minor Equipment. OSF has a capital policy that requires capitalization of assets in excess of $5,000. As a result, there are some minor equipment items under the $5,000 limit that are expenses. The limit is set to eliminate undue paperwork and excessive approvals for inexpensive items and the total impact on the financial statements is immaterial.

3. Amortization of Bond Issuance Costs. OSF uses a straight line basis for amortizing bond issuance costs instead of amortizing the costs over the actual bond maturity schedule. The impact on the financial statements is immaterial.

4. Operating Leases. OSF records lease expense equal to payments made during the fiscal year and does not take into consideration future rate increases built into lease contracts. This practice only applies to building leases and is immaterial to the financial statements.

5. Recurring Service Contracts. OSF records purchased service expense for service contracts under $50,000 when paid and does not take into consideration any amounts that pertain to the subsequent fiscal year. The impact on any resulting prepaid asset is immaterial to the financial statements.

SCHEDULE 6.7.3

OSF Material Changes

Exceptions:

The Financial Accounting Standards Board approved on December 1, 2010 the issuance of a final Accounting Standards Update entitled, "Health Care Entities: Presentation and Disclosure of Net Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts," pursuant to which a health care entity is required to present the provision for bad debts as a component of net revenues within the revenue section of the statement of operations. OSF implemented this new accounting standard effective October 1, 2011.

SCHEDULE 6.7.4

OSF Liabilities

Exceptions: NONE

SCHEDULE 6.8

OSF Interim Changes

Exceptions:

6.8.1 – NONE

6.8.2 – NONE

6.8.3 – James M. Moore retired from the office of Chief Executive Officer of OSF Healthcare System, from the offices of Vice-Chairperson of OSF subsidiary and affiliate corporations, and from the Boards of Directors of OSF Healthcare System and its subsidiary and affiliate corporations, effective as of February 25, 2011. Kevin D. Schoeplein was appointed to replace Mr. Moore in all such offices and positions.

6.8.4 – NONE

SCHEDULE 6.10.2

OSF Payment Programs

Exceptions: NONE.

Schedule 10.7

Amendments to Ottawa Medical Staff Bylaws

The following sections of the Medical Staff Bylaws shall be amended to include the underlined language, prohibiting the performance of any procedures and the provision of any service in violation of the Ethical and Religious Directives:

Article I Section 3.7

Qualifications for Membership

acting in an ethical, professional and courteous manner in accordance with the Ethical and Religious Directives for Catholic Health Care Services, promulgated by the U.S. Conference of Catholic Bishops, as amended from time to time.

Article I Section 8

1.1. CLINICAL PRIVILEGES

A practitioner providing clinical services at Ottawa Regional Hospital and Healthcare Center may exercise only those privileges granted by the Governing Board. Requests for clinical privileges must be accompanied by evidence of education, training, experience and demonstrated current competence. Requests for clinical privileges will be processed only when the potential applicant meets the current minimum threshold criteria recommended by the Medical Executive Committee and approved by the Governing Board. In the event there is a request for which there are no approved criteria the Governing Board, with input from the Medical Executive Committee and Administration, will first determine if it will allow the privilege and, if so, direct the Medical Executive Committee to promptly develop privileging criteria by considering required licensure, relevant training or experience, current competence, and ability to perform the privileges requested. Requests for privileges, including dental, podiatric, temporary and emergency privileges, will be evaluated in accordance with the procedures set forth in the Credentials Procedure Manual. In exceptional circumstances, the Governing Board may grant Medical Staff membership without clinical privileges. In such situations the practitioner must request membership without clinical privileges. Practitioners granted privileges to provide clinical services must exercise those privileges at Ottawa Regional Hospital and Healthcare Center in accordance with the Ethical and Religious Directives for Catholic Health Care Services, promulgated by the U.S. Conference of Catholic Bishops, as amended from time to time

Article I Section 9.7

Responsibilities of Each Member

Each staff member and allied health practitioners, in the exercise of their rights and obligations under these Bylaws at Hospital, must comply with the Ethical and Religious Directives for

Catholic Health Care Services promulgated by the U.S. Conference of Catholic Bishops, as amended from time to time.

Article II Section 5

1.2 COMPLIANCE WITH ETHICAL AND RELIGIOUS DIRECTIVES

Members of all categories of the Medical Staff, as well as allied health practitioners, must comply when providing services at the Hospital with the Ethical and Religious Directives for Catholic Health Care Services promulgated by the U.S. Conference of Catholic Bishops, as amended from time to time.

Article VIII **CORRECTIVE ACTION**

INITIATION OF CORRECTIVE ACTION

Corrective action may be initiated when a member of the Medical Staff engages in professional conduct either within or outside the Hospital which is reasonably likely to be detrimental to the quality of patient care or safety, or to be disruptive to or interfere with the Hospital's operations. Corrective action may also be initiated when a member of the Medical Staff engages in conduct in the exercise of clinical privileges or obligations under the Medical Staff Bylaws that contravenes the Ethical and Religious Directives for Catholic Health Care Services, promulgated by the U.S. Conference of Catholic Bishops, as amended from time to time. All requests for corrective action, other than summary suspension or an automatic suspension, must be in writing and submitted to the President and supported by reference to the specific activities or conduct, which constitutes the grounds for the request. Corrective action may be requested by: (a) any officer of the Medical Staff; (b) the Chief of any clinical service in which the member holds appointment or exercises clinical privileges; (c) the Chief Executive Officer or designee; (d) the Governing Board acting as a group, or by the Chairman of the Board

Schedule 17.1.59

Material Consents

Exceptions:

A. Certificate of exemption for change of ownership of Ottawa Regional Hospital & Healthcare Center issued by the IHSFRB.

B. Other consents and approvals as listed in Schedule 5.3.2.

C. Other consents and approvals as listed in Schedule 6.3.2.

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.**

OSF holds a bond rating of "A" or better from Standard & Poor's as of December 12, 2011. The financial information for OSF and Ottawa is attached as Attachment #6.

ATTACHMENT #6

STANDARD &POOR'S

Global Credit Portal®
RatingsDirect®

December 12, 2011

Illinois Finance Authority
OSF Healthcare System; Joint Criteria; System

Primary Credit Analyst:
Brian T Williamson, Chicago (1) 312-233-7009;
brian_williamson@standardandpoors.com
Secondary Contact:
Suzie Desai, Chicago (1) 312-233-7046;
suzie_desai@standardandpoors.com

Table Of Contents

Rationale

Outlook

Market Profile

Financial Profile

Balance Sheet

Debt Derivative Profile: Low Risk

Related Criteria And Research

ATTACHMENT #6

Illinois Finance Authority
OSF Healthcare System; Joint Criteria; System

Illinois Fin Auth, Illinois

OSF Hlthcare Sys, Illinois

Illinois Finance Authority (OSF Healthcare System)

Long Term Rating A/Stable — Affirmed

Illinois Finance Authority (OSF Healthcare System) hosp VRDO ser 2009D

Long Term Rating AAA/A-1 — Current

Unenhanced Rating A(SPUR)/Stable — Affirmed

Illinois Finance Authority (OSF Healthcare System) hosp VRDB ser 2007E

Unenhanced Rating A(SPUR)/Stable — Affirmed

Long Term Rating AA-/A-1 — Current

Illinois Finance Authority (OSF Healthcare System) hosp VRDB ser 2007F

Unenhanced Rating A(SPUR)/Stable — Affirmed

Long Term Rating AA-/A-1 — Current

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Rationale

Standard & Poor's Ratings Services affirmed its 'A' long-term rating to Illinois Finance Authority's $162.91 million series 2010 fixed-rate bonds, issued on behalf of OSF Healthcare System (OSF). In addition, Standard & Poor's affirmed its 'A' long-term rating and underlying rating (SPUR) on various series of debt issued for OSF. The outlook is stable.

The affirmed ratings on the series 2007G, 2009B, 2009C, and 2009D bonds are based on the application of Standard & Poor's joint criteria, whereby the long-term component of the rating is based on OSF's 'A' underlying rating (SPUR) and the letters of credit (LOC) provided by various banks. The ratings are based on Standard & Poor's joint criteria with medium correlation for the series 2009B bonds and low correlation for the series 2007G, 2009C, and 2009D bonds. Each series has the benefit of a separate LOC; PNC Bank, Wells Fargo Bank N.A., and JPMorgan Chase Bank issued LOCs to back the series 2009B, 2009C, and 2009D bonds, respectively. The series 2007G bonds are backed by a Wells Fargo N.A. LOC. The obligation of OSF Healthcare System, as well as the banks' obligations established by the LOCs, to make debt service payments support the joint ratings. The short-term component of the ratings is based solely on the banks' ratings.
The affirmation reflects the completion of the Milestone capital project. With this in mind, OSF was able to maintain its balance sheet as anticipated while improving its operations.
The 'A' long-term rating continues to reflect Standard & Poor's assessment of OSF's:

- Improved operations driven by the strength of the new facility in the Peoria market;
- Dominant business position in the Peoria market, where its flagship Saint Francis Medical Center is located, and generally good position in the markets despite some challenges including competition and the weak economic Standard & Poor's **| Ratings Direct on the Global Credit Portal |** December 12, 2011 2 environment;
- Breadth of facilities and services, enhanced by its system wide strategic priorities focused on specific business line development, growth in ambulatory care, and enhanced physician alignment; and
- Generally stable cash position with good liquidity levels for the rating.

Offsetting credit factors, in Standard & Poor's opinion, include:

- Moderately high leverage with debt to capitalization of 55% although this increased leverage is partially due to a decline in pension funded status;
- A defined benefit pension plan that was only 57% funded as of Sept. 30, 2010 (and frozen in March, 2011).

Other credit factors include the Federal Trade Commission challenging the affiliation of OSF and the Rockford Health System. The administrative and judicial review of the affiliation could take 24 months or more. Both OSF and Rockford Health believe that the affiliation is the right thing to do for the overall market and are committed to pursuing all legal options available. Currently there is a preliminary injunction in place to stop the affiliation. It is Standard & Poor's view that this will be a distraction to management, but we do not expect to see this having an impact on management's ability to continue to focus on plans to improve operations and to further build the balance sheet.
Based in Peoria, Ill., the Sisters of the Third Order of Saint Francis sponsor OSF, which operates seven hospitals, one nursing home center, and other health care-related entities. Six of the hospitals and the long-term-care facility are located in central and northern Illinois while one hospital is located in Michigan. The flagship hospital, Saint Francis Medical Center, is a 616-licensed-bed (575 staffed beds), tertiary acute-care teaching hospital. The obligated group's unrestricted receivables secure the series 2010 bonds, which are on parity with OSF's existing rated debt. Standard & Poor's analysis takes into account the consolidated system results, and all numbers and ratios mentioned in this report reflect the consolidated system unless otherwise stated.

Outlook

The stable outlook reflects Standard & Poor's expectation that OSF will continue to improve operating results. However, OSF continues to have little flexibility at the current rating level, and if operations do not maintain the improvements of fiscal 2011, if liquidity declines beyond current levels, or if challenges emerge during the FTC challenge of the affiliation with Rockford Health System, we could lower the rating. Little potential exists for a higher rating within the two-year outlook period, in part due to the time needed to assess the outcome of the system's strategy and the impact of the FTC challenge.

ATTACHMENT #6

Market Profile

Utilization

OSF's overall utilization has been stable or slightly improving during the past couple of years after a drop in admissions the mid-2000s mainly due to capacity constraints. In fiscal years 2011 and 2010, admissions were 56,820 and 56,316, respectively. Capacity constraints had been a challenge for the flagship hospital but have been alleviated with the completion of the Milestone Project, an eight-story, 440,000-square-foot building that focuses on pediatrics, cardiology, emergency services, and surgery and intensive-care beds.
www.standardandpoors.com/ratingsdirect

Illinois Finance Authority OSF Healthcare System; Joint Criteria; System

Operating entities

OSF Saint Francis Medical Center. OSF Saint Francis Medical Center is a tertiary acute-care teaching hospital

located near downtown Peoria, Ill. Founded in 1877, Saint Francis Medical Center was the first hospital established by the corporation.
OSF Saint Anthony Medical Center. OSF Saint Anthony Medical Center is an acute-care hospital located in a growing area of Rockford, Ill. Saint Anthony provides primary, secondary, and tertiary care, including open-heart surgery. It is also designated by the State of Illinois as a Level I (highest level) trauma center and a regional burn unit.

OSF St. Joseph Medical Center. OSF St. Joseph Medical Center is an acute-care hospital located in Bloomington, Ill.
St. Joseph provides primary, secondary, and tertiary care, including open-heart surgery. In addition, OSF purchased
certain assets of Carle Clinic Association, P.C. (Carle Clinic) located in or related to its medical office building in Bloomington, and leased the medical office building.
St. Mary Medical Center. St. Mary Medical Center is an acute-care hospital located in Galesburg, Ill.
St. Francis Hospital. St. Francis Hospital is an acute-care general hospital located in Escanaba, Mich. St. Francis Hospital currently operates 48 beds, including 10 Medicare-approved swing beds.
OSF Saint James-John W. Albrecht Medical Center. OSF Saint James-John W. Albrecht Medical Center is an acute-care hospital facility located in Pontiac, Ill. Saint James is the only acute-care hospital in Livingston County.
OSF Holy Family Medical Center. OSF Holy Family Medical Center, formerly known as Community Medical Center of Western Illinois, was acquired by OSF Healthcare System in May 2007. The acquisition, initiated by Community Medical Center, complements the system's strategy to maintain and potentially increase the market share for western Illinois. The facility currently operates 23 acute-care beds, also certified as swing beds. The facility
has been designated as a critical-access hospital by Centers for Medicare and Medicaid Services (CMS). Also, it operates a home health agency and a provider-based rural health clinic.
Saint Clare Home. Saint Clare Home is a 98-bed long-term care facility located in Peoria Heights, Ill. Saint Clare currently operates all its licensed beds, which currently include 94 skilled-care beds and four sheltered-care beds.
OSF Medical Group and other employed physicians. OSF Medical Group and other employed physicians consists
of approximately 641 physicians and mid-level providers employed by OSF Healthcare in approximately 58 office locations throughout Illinois and Michigan. These providers bring together different medical disciplines to create an integrated system of patient-centered care. OSF considers nurse practitioners and physician assistants an integral part of its system by enabling physicians to continue a personal approach to patient care while increasing the number of patients served.

OSF Healthcare Systems And Subsidiaries, Illinois Financial Statistics

	--Fiscal year ended Sept. 30--				
Sept. 30, 2011*	**2010**	**2009**	**2008**		**2007**
Income statement and cash flow					
Operating revenue ($000s)	1,865,036	1,694,782	1,642,505	1,559,127	1,715,804
Total expenses ($000s)	1,846,709	1,727,038	1,645,570	1,514,301	1,595,748
Operating income ($000s)	20,755	(30,113)	(2,617)	44,826	120,056
Operating margin (%)	1.1	(1.9)	(0.2)	2.9	7.0
Net non-operating revenues ($000s)	37,414	32,154	435	20,461	56,626
Excess income ($000s)	55,867	2,041	(8,144)	57,060	169,220
Excess margin (%)	2.9	0.1	(0.5)	3.6	9.5
Change in net assets ($000s)	16,119	40,554	(143,842)	(8,227)	137,759
EBIDA/total revenue (%)	10.1	7.0	6.0	10.3	14.6
Cash flow/total liabilities (%)	9.0	5.5	4.5	9.9	19.1
Capital expenditures ($000s)	N.A.	184,251	236,385	178,555	122,649
Debt					
Net available for debt service ($000s)	191,654	120,857	98,432	161,101	258,017
Maximum debt service ($000s)	59,519	59,519	59,519	59,519	59,519
Maximum debt service coverage (x)	3.2	2.0	1.7	2.7	4.3
Maximum debt service-to-total revenue (%)	3.1	3.4	3.6	3.8	3.4
Balance sheet					
Unrestricted cash and investments ($000s)	759,738	733,024	724,664	738,532	723,976
Unrestricted days' cash on hand	158	163	169	187	173
Unrestricted cash/debt (%)	87.6	88.6	81.2	93.4	88.7
Cushion ratio (x)	12.8	12.3	12.2	12.4	12.2
Net fixed assets ($000s)	893,971	919,791	820,431	658,375	560,674
Long-term debt ($000s)	867,290	826,957	892,760	790,363	816,035

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OSF Healthcare Systems And Subsidiaries, Illinois Financial Statistics (cont)

Unrestricted fund balance ($000s)	692,465	672,775	662,820	812,049	815,541
Debt/capitalization (%)	55.6	55.1	57.4	49.3	50.0
Average age of plant (years)	N.A.	11.8	12.0	11.7	11.9

Debt Derivative Profile: Low Risk

OSF's swap program has four floating- to fixed-rate swaps and three basis swaps with a total notional amount of about $566 million outstanding. When management refunded the majority of OSF's outstanding auction-rate securities in March 2009, OSF did an internal reallocation of the interest rate swaps to other variable-rate bond issues. All of the swap contracts are with Merrill Lynch & Co. (A-/Negative/A-2 as the counterparty.
Standard & Poor's assigned OSF's swap program a debt derivative profile (DDP) overall score of '2.0' on a scale of '1' to '4', in which '1' reflects the lowest risk. The '2.0' overall DDP score specifically reflects Standard & Poor's view that OSF's swap program poses low risk to its credit quality, particularly given its financial resources relative to any potential swap-termination liability. The score also reflects the average economic viability of the contract because its structure is well matched to the underlying debt, and good management practices including a formal debt and swap-management plan.

Related Criteria And Research

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Municipal Swaps, June 27, 2007
- USPF Criteria: Debt Derivative Profile Scores, March 27, 2006
- Criteria: Standard & Poor's Revises Its Analysis For Housing Finance Agency Single-Family Mortgage Insurance Funds, Jan. 26, 2010
- Criteria: Methodology And Assumptions: Approach To Evaluating Letter Of Credit-Supported Debt, July 6, 2009
- USPF Criteria: Municipal Applications For Joint Support Criteria, June 25, 2007

Ratings Detail (As of December 12, 2011)

Illinois Fin Auth, Illinois

OSF Hlthcare Sys, Illinois	
Illinois Finance Authority (OSF Healthcare System) hosp VRDB ser 2009B	
Long Term Rating AAA/A-1	Affirmed
Unenhanced Rating A(SPUR)/Stable	Affirmed
Illinois Finance Authority (OSF Healthcare System) hosp VRDO ser 2007G	
Long Term Rating AAA/A-1+	Affirmed
Unenhanced Rating A(SPUR)/Stable	Affirmed
Illinois Finance Authority (OSF Healthcare System) hosp VRDO ser 2009C	
Long Term Rating AAA/A-1+	Affirmed
Unenhanced Rating A(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidated Financial Report
April 30, 2011

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McGladrey

Independent Auditor's Report

To the Board of Governors
Ottawa Regional Hospital & Healthcare Center
Ottawa, Illinois

We have audited the accompanying consolidated balance sheets of Ottawa Regional Hospital & Healthcare Center and affiliates as of April 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ottawa Regional Hospital & Healthcare Center and affiliates as of April 30, 2011 and 2010 and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Effective May 1, 2010 the Hospital adopted the new accounting provisions relating to consolidation of noncontrolling interests in consolidated financial statements as discussed in Note 1 to the consolidated financial statements. The adoption of this guidance resulted in a retroactive restatement of net assets on the consolidated balance sheet as of April 30, 2010.

McGladrey & Pullen, LLP

Davenport, Iowa
July 21, 2011

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Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidated Statements of Operations
Years Ended April 30, 2011 and 2010

	2011	2010
Unrestricted net assets:		
Net patient service revenue	**$ 77,163,755**	$ 72,594,787
Other operating revenue	**1,657,710**	1,442,535
Net assets released from restriction, used for operations	**24,952**	1,011,709
Total operating revenue	**78,846,417**	75,049,031
Expenses:		
Salaries and wages	**35,284,268**	32,196,042
Employee benefits	**12,236,566**	11,683,461
Supplies and other expenses	**26,593,358**	24,264,559
Depreciation and amortization	**7,013,253**	6,394,742
Interest	**318,423**	147,245
Provision for bad debts	**3,697,765**	3,251,689
Total operating expenses	**85,143,633**	77,937,738
(Loss) from operations	**(6,297,216)**	(2,888,707)
Nonoperating income, gains and losses, net:		
Other nonoperating gains, net	**2,364,974**	1,291,183
Current year change in unrealized gains on trading securities	**2,504,108**	7,479,931
Nonoperating income, gains and losses, net	**4,869,082**	8,771,114
Excess (deficiency) of revenue over expenses	**(1,428,134)**	5,882,407
Less excess of revenue over expenses attributable to noncontrolling interest	**(170,757)**	(145,821)
Excess (deficiency) of revenue over expenses attributable to controlling interest	**(1,598,891)**	5,736,586
Current year change in unrealized gains (losses) on investments	**(21,570)**	6,321
Net assets released from restriction, used for the acquisition of property and equipment	**-**	1,406,208
Increase (decrease) in unrestricted net assets	**$ (1,620,461)**	$ 7,149,115

See Notes to Consolidated Financial Statements.

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Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidated Balance Sheets
April 30, 2011 and 2010

Assets	2011	2010
Current Assets:		
Cash and cash equivalents	**$ 1,650,907**	$ 2,881,387
Certificates of deposit	**164,563**	179,420
Receivables, net	**9,231,329**	10,318,869
Supplies and materials	**1,870,371**	2,003,231
Prepaid expenses:		
Medicaid assessment program	**284,113**	-
Other	**830,872**	740,771
Total current assets	**14,032,155**	16,123,678
Assets Limited as to Use	**40,980,313**	39,933,282
Property and Equipment:		
Land and improvements	**3,829,891**	3,627,524
Building and improvements	**68,048,409**	62,469,459
Furniture, fixtures and equipment	**36,432,637**	32,407,895
Construction in process	**6,419,598**	7,429,433
	114,730,535	105,934,311
Less accumulated depreciation	**57,898,956**	51,242,180
	56,831,579	54,692,131
Investments, primarily investment in associated company	**1,748,137**	1,726,823
Other Assets, primarily debt issuance costs, net and physician advances	**1,849,413**	1,981,705
Total assets	**$ 115,441,597**	$ 114,457,619

See Notes to Consolidated Financial Statements.

Liabilities and Net Assets	2011	2010
Current Liabilities:		
Current maturities of long-term debt	**$ 660,000**	$ 635,000
Accounts payable	**2,922,587**	2,358,703
Accrued salaries, wages and payroll taxes	**1,611,947**	1,394,379
Accrued earned time	**3,043,090**	2,783,429
Deferred revenue, medicaid assessment program	**561,969**	-
Estimated third-party payor settlements	**2,069,584**	690,363
Other accrued expenses	**2,253,959**	1,860,190
Total current liabilities	**13,123,136**	9,722,064
Long-Term Debt, net of current maturities	**12,324,302**	12,988,448
Other Accrued Expenses	**708,043**	311,524
Estimated Self-Insurance Costs	**1,251,000**	1,351,000
Total liabilities	**27,406,481**	24,373,036
Commitments and Contingencies (Notes 2, 9 and 14)		
Net Assets:		
Unrestricted	**87,205,819**	88,826,280
Noncontrolling interest - unrestricted	**801,181**	1,232,424
Temporarily restricted	**23,391**	21,154
Permanently restricted	**4,725**	4,725
Total net assets	**88,035,116**	90,084,583
Total liabilities and net assets	**$ 115,441,597**	$ 114,457,619

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidated Statements of Changes in Net Assets
Years Ended April 30, 2011 and 2010

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Unrestricted Net Assets - Noncontrolling Interest	Total Net Assets
Net assets, April 30, 2009	$ 81,677,165	$ 428,464	$ 4,725	$ 1,344,603	$ 83,454,957
Excess of revenue over expenses	5,736,586	-	-	145,821	5,882,407
Net change in unrealized gains on investments	6,321	-	-	-	6,321
Donations	-	2,010,607	-	-	2,010,607
Net assets released from restriction	1,406,208	(2,417,917)	-	-	(1,011,709)
Distributions to noncontrolling interest	-	-	-	(258,000)	(258,000)
Change in net assets	7,149,115	(407,310)	-	(112,179)	6,629,626
Net assets, April 30, 2010	88,826,280	21,154	4,725	1,232,424	90,084,583
Excess of revenue over expenses	(1,598,891)	-	-	170,757	(1,428,134)
Net change in unrealized (losses) on investments	(21,570)	-	-	-	(21,570)
Donations	-	27,189	-	-	27,189
Net assets released from restriction	-	(24,952)	-	-	(24,952)
Distributions to noncontrolling interest	-	-	-	(602,000)	(602,000)
Change in net assets	(1,620,461)	2,237	-	(431,243)	(2,049,467)
Net assets, April 30, 2011	**$ 87,205,819**	**$ 23,391**	**$ 4,725**	**$ 801,181**	**$ 88,035,116**

See Notes to Consolidated Financial Statements.

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidated Statements of Cash Flows
Years Ended April 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities:		
Change in net assets	$ (2,049,467)	$ 6,629,626
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,984,479	6,327,146
Amortization of debt issuance costs	28,774	67,596
Amortization of bond premium	(4,146)	(3,998)
Amortization of physician advances and other assets	394,885	275,714
Loss on sale of property and equipment	2,706	34,829
Earnings in (excess of) distributions of associated company	(42,884)	37,642
Restricted contributions	-	(1,000,000)
Net realized and unrealized (gains) on investments	(3,493,632)	(7,890,843)
Distributions to noncontrolling interest	602,000	258,000
Net changes in assets and liabilities:		
Decrease in receivables	1,087,540	224,758
(Increase) decrease in supplies and materials	132,860	(501,576)
(Increase) decrease in other assets	(645,639)	32,271
Increase in accounts payable and accrued expenses	3,584,541	940,091
(Decrease) in estimated self-insurance costs	(100,000)	(774,000)
Net cash provided by operating activities	6,482,017	4,657,256
Cash Flows from Investing Activities:		
Purchase of certificates of deposit, net	14,857	13,053
Purchase of assets limited as to use	(1,031,829)	(1,310,424)
Proceeds from sale of assets limited as to use	3,500,000	12,436,079
Purchase of property and equipment	(9,092,442)	(16,414,801)
Proceeds from sale of equipment	153,859	56,794
Business acquisition	-	(1,362,769)
Advances on physician receivables	(215,375)	(369,160)
Collections on physician receivables	195,433	99,543
Investments released from restriction	-	519,754
Net cash (used in) investing activities	(6,475,497)	(6,331,931)
Net Cash from Financing Activities:		
Principal payments on long-term debt	(635,000)	(615,000)
Restricted contributions	-	1,000,000
Distributions to noncontrolling interest	(602,000)	(258,000)
Net cash provided by (used in) financing activities	$ (1,237,000)	$ 127,000

(Continued)

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidated Statements of Cash Flows (Continued)
Years Ended April 30, 2011 and 2010

	2011	2010
Net (decrease) in cash and cash equivalents	**$ (1,230,480)**	$ (1,547,675)
Cash and cash equivalents:		
Beginning	**2,881,387**	4,429,062
Ending	**$ 1,650,907**	$ 2,881,387
Supplemental Disclosure of Cash Flow Information, cash payments for interest, excluding interest capitalized 2011 $329,000; 2010 $498,439	**$ 318,423**	$ 151,609
Supplemental Disclosure of Noncash Investing Activities, increase (decrease) in accounts payable incurred for the purchase of property and equipment	**188,050**	(392,597)

See Notes to Consolidated Financial Statements.

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Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Ottawa Regional Hospital & Healthcare Center (Hospital), is licensed as a 99-bed, not-for-profit, acute care hospital, including a 26-bed psychiatric care unit. The Hospital also provides related ancillary and outpatient services. The Hospital's affiliates include Ottawa Regional Healthcare Affiliates, Inc., Radiation Oncology of Northern Illinois, LLC, Ottawa Regional Hospital & Healthcare Center Auxiliary and Ottawa Regional Hospital & Healthcare Center Foundation.

Ottawa Regional Healthcare Affiliates, Inc. (ORHA) is an Illinois business corporation and is the sole stockholder of Ottawa Regional Medical Center, Inc. (ORMC) and Ottawa Regional Cardinal Sleep Center, LLC (ORCSC) and 50% owner of Ottawa Regional DME, LLC (DME). The Hospital is the sole stockholder of ORHA.

Ottawa Regional Medical Center, Inc. was incorporated as an Illinois business corporation in September 2009 and purchased certain assets of a third-party in December 2009. ORMC provides outpatient medical and diagnostic services and is consolidated with ORHA.

Ottawa Regional Cardinal Sleep Center, LLC and Ottawa Regional DME, LLC are limited liability companies formed in July 2010. ORHA has not made any initial capital contributions to these entities, and there have been no operations within these entities as of April 30, 2011.

Radiation Oncology of Northern Illinois, LLC (RONI) is a limited liability company established to own and operate a radiation oncology center. The Hospital has a 57% ownership interest in RONI. RONI is consolidated with the Hospital.

Ottawa Regional Hospital & Healthcare Center Auxiliary (Auxiliary) is a not-for-profit fund raising organization whose purpose is to promote and advance the welfare of the Hospital.

Ottawa Regional Hospital & Healthcare Center Foundation (Foundation) is a not-for-profit fund raising organization whose purpose is to support and encourage health care services in furtherance of the purpose of and in assistance to the Hospital, through providing financial and fund raising assistance and in all other relevant ways aiding in supporting health care organizations and individuals interested in careers in health care.

The above entities are collectively referred to as the Organization.

Significant accounting policies:

Accounting estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of the net patient accounts receivable, estimated third-party payor settlements and the estimated self-insurance costs. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Principles of consolidation: The consolidated financial statements include the accounts of Ottawa Regional Hospital & Healthcare Center, Ottawa Regional Healthcare Affiliates, Inc., Radiation Oncology of Northern Illinois, LLC, Ottawa Regional Hospital & Healthcare Center Foundation and Ottawa Regional Hospital & Healthcare Center Auxiliary. All significant intercompany balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents: Cash and cash equivalents include unrestricted cash and certain temporary cash investments not limited as to use. For purposes of reporting cash flows, the Organization considers all temporary cash investments with less than three months original maturity to be cash equivalents.

Patient receivables: The collection of receivables from third-party payors and patients is the Organization's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts for deductibles and co-payments remain outstanding. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient receivables due directly from the patients are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Organization does not charge interest on receivables. Patient accounts receivable are due in full when billed. Accounts are considered past due when an amount is past due according to the payor's agreed-upon terms. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. As a service to the patient, the Organization bills third-party payors directly and the patient when the patient's liability is determined.

Receivables or payables related to estimated settlements on various payor contracts, primarily Medicare and Medicaid, are reported as amounts due from or to third-party payors. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect the Organization's collection of accounts receivable, cash flow and results of operations.

Supplies and materials: Supplies and materials are valued at the lower of cost (first-in, first-out method) or market.

Assets limited as to use: Assets limited as to use include assets internally designated by the Board of Governors for future capital improvements and replacements, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture agreements, assets held by trustees for self-insurance liabilities, assets restricted by donors and assets held by trustees for a 457B plan.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investments: Investments in equity securities with readily determinable fair values and all debt securities are measured at fair value in the consolidated balance sheets. Investment income includes dividend, interest and other investment income and realized and unrealized gains and losses on investments classified as trading securities. Investment income that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Unrealized gains and losses on investments of the Foundation are excluded from the excess of revenue over expenses but are included as a change in unrestricted net assets.

Investment in an associated company is accounted for using the equity method of accounting under which the Hospital's share of net income of the associated company is recognized as net nonoperating gains in the consolidated statements of operations and changes in net assets. The Hospital has a 38% interest in a limited liability company established to develop, build, acquire, own, hold, rehabilitate, lease, finance and refinance, manage, operate and dispose of specific real estate located on or within the Hospital campus.

The Foundation's investments totaling approximately $60,000 and $82,000 as of April 30, 2011 and 2010, respectively, are classified as other-than-trading.

The investments of the Organization are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Self-insurance for professional and comprehensive general liability losses: Under the Hospital's self-insurance program for professional and general liability losses, the Hospital makes contributions to an independent bank trustee in order to establish a fund from which losses, if any, are to be paid. The contributions to the fund are based on actuarial computations and projections made by an independent actuary. The investment earnings of the trust fund are added to its principal balance and are included in the accompanying consolidated statements of operations and changes in net assets as other operating revenue. Amounts charged to expense include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Property and equipment: Property and equipment is depreciated on the straight-line basis over the estimated useful life of each asset. The Hospital capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing on the Series 2004 bonds. Capitalized interest totaled approximately $329,000 and $498,000 for the years ended April 30, 2011 and 2010, respectively.

Debt issuance costs: Debt issuance costs are amortized over the term of the related debt using the effective interest method. The unamortized cost of this asset is approximately $481,000 and $506,000 as of April 30, 2011 and 2010, respectively.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Net patient service revenue: The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity care: The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Excess of revenue over expenses: The consolidated statements of operations and changes in net assets include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include the Foundation's unrealized gains and losses on investments and other investments classified as other-than-trading investment securities.

Treatment of gifts and income on investments: Realized investment income on assets in the self-insurance trust fund is reported as other operating revenue. Unrestricted gifts and realized income from all other investments are recorded as nonoperating gains.

Classification of net assets: The Organization is required to report information regarding their financial position and operations according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The three classes are based on the presence or absence of donor-imposed restrictions. Temporarily restricted net assets include net assets restricted by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to remain in trust or held in trust. Amounts for each of the three classes of net assets (permanently restricted, temporarily restricted and unrestricted) are required to be displayed in the consolidated balance sheets. The amounts of the change in each of the three classes of net assets must be displayed in the consolidated statements of operations and changes in net assets. The temporarily restricted net assets as of April 30, 2011 and 2010 were restricted by a donor for development of a new mental health facility and hospital improvements. The permanently restricted net assets are restricted by donors for an endowment.

Noncontrolling interest: The Hospital has a 57% ownership interest in RONI, while another member owns a noncontrolling interest. A pro rata share of the income or losses and net assets, in the form of members' equity, applicable to this interest has been recognized in the Organization's consolidated financial statements.

Fair value of financial instruments: Financial instruments are described as cash or contractual obligations or rights to pay or to receive cash. The fair value for certain financial instruments approximates the carrying value because of the short-term maturity of these instruments which include cash and cash equivalents, receivables, accounts payable, accrued liabilities, due from and due to third-party payors, and other current liabilities. The Organization's marketable investments and assets limited as to use are carried at fair value on the consolidated balance sheets. Based on borrowing rates currently available to the Organization with similar terms and maturities, the fair value of the long-term debt approximates $13,516,000 and $15,453,000 as of April 30, 2011 and 2010, respectively.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Organization does not know whether the fair values represent values at which the respective financial instruments could be sold individually or in the aggregate.

Fair value measurements: The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements, which applies to all assets and liabilities that are measured and reported on a fair value basis. See Note 7 for additional information.

Subsequent events: The Organization has evaluated subsequent events through July 21, 2011, the date on which the consolidated financial statements were issued.

New accounting guidance: The FASB issued guidance to establish accounting and reporting standards for a noncontrolling interest in a subsidiary. This guidance clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity and may be reported as net assets in the consolidated financial statements, rather than as a liability or in the mezzanine section between liabilities and net assets. This guidance also requires consolidated net income be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. The financial statements have been retroactively restated for the adoption of the standard, which resulted in a decrease in liabilities and an increase in net assets as of April 30, 2010 of $1,232,424.

Pending accounting pronouncements: In August 2010, Accounting Standards Update (ASU) 2010-23, *Measuring Charity Care for Disclosure*, was issued. ASU 2010-23 is effective for fiscal years beginning after December 15, 2010. ASU 2010-23 addresses the diversity in the accounting for charity care disclosures, which some entities determine on the basis of a cost measurement, while others use a revenue measurement. ASU 2010-23 requires that the measurement of charity care for disclosure purposes be based on the direct and indirect costs of providing the charity care. Management is evaluating the impact this ASU may have on its consolidated financial statements

In August 2010, ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, was issued. ASU 2010-24 is effective for fiscal years beginning after December 15, 2010. ASU 2010-24 addresses the diversity in the accounting for medical malpractice and similar liabilities and their related anticipated insurance recoveries by health care entities that mostly have netted insurance recoveries against the accrued liability, although some have presented the anticipated insurance recovery and the liability on a gross basis. The ASU clarifies that a health care entity should not net insurance recoveries against a related claim liability; the amount of the claim liability should be determined without consideration of insurance recoveries. Management is evaluating the impact this ASU may have on its consolidated financial statements.

Note 2. Letter of Intent

In October 2010, the Organization signed a nonbinding letter of intent with OSF Healthcare System (OSF) to explore a potential affiliation. The Organization and OSF are each conducting due diligence procedures and a decision on whether to move forward with an affiliation is expected within the next year.

Note 3. Net Patient Service Revenue

Approximately 73% and 75% for the years ended April 30, 2011 and 2010, respectively, of the Hospital's net patient service revenue is earned under agreements with third-party payors. These agreements provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors and any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. Contractual adjustments under third-party reimbursement programs are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined. A summary of the payment arrangements with major third-party payors follows:

Medicare: Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services are paid at prospectively determined rates based on an Ambulatory Patient Classification (APC) System. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through April 30, 2007. However, the Hospital has received tentative settlements on its Medicare cost reports for the years ended April 30, 2008 through 2010. CMS has issued instructions to Fiscal Intermediaries (FI) and Medicare Administrative Contractors (MAC) to delay finalizing Medicare cost reports for fiscal years 2007 and after for hospitals that serve a disproportionate number of low income patients due to concerns regarding the calculation of a hospital's Medicare disproportionate share (DSH) payments. As the Hospital receives Medicare DSH payments, the latest finalized Medicare cost report is for the year ended April 30, 2007.

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of The Medicare Recovery Audit Contractor (RAC) program. During fiscal year 2007, the RAC's identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. CMS is in the process of rolling out this program nationally. As such, the Hospital may be subject to adjustments from such an audit at some time in the future.

Medicaid: The Hospital renders inpatient and outpatient services to Medicaid patients at prospective rates or per diem determined by State of Illinois reimbursement formulas. These rates are not subject to retroactive adjustment.

Blue Cross: The Hospital is paid for inpatient acute care services rendered to Blue Cross beneficiaries mainly under a per diem basis. For outpatient services rendered to Blue Cross beneficiaries, the Hospital is primarily reimbursed based on a combination of fixed prices and discounted charges.

Other agreements: The Hospital has also entered into payment agreements with certain commercial insurance carriers, preferred provider organizations, health maintenance organizations and local employers. The basis for payment to the Hospital under these agreements includes discounts from established charges, prospectively determined per diem rates and prospectively determined rates per discharge.

Note 3. Net Patient Service Revenue (Continued)

A summary of net patient service revenue for the years ended April 30, 2011 and 2010 is as follows:

	2011	2010
Gross patient service revenue	$190,139,516	$173,359,707
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	(112,985,171)	(100,764,920)
Net patient service revenue	$ 77,154,345	$ 72,594,787

Contractual adjustment expense for the years ended April 30, 2011 and 2010 includes the effect of a change in the estimate of the liability due to third-party payors. The effects of this change in estimate is a decrease in contractual adjustment expense of approximately $524,000 and $183,000 for the years ended April 30, 2011 and 2010, respectively.

In December 2008, the Federal Centers for Medicare and Medicaid Services (CMS) approved the State of Illinois Medicaid Hospital Assessment Program. Under the Program, which is retroactive to July 1, 2008, a hospital receives additional Medicaid reimbursement from the State and pays a related assessment. The Hospital's additional reimbursement for the periods ended April 30, 2011 and 2010 has been recorded in the accompanying financial statements. Total reimbursement revenue recognized by the Hospital related to this Program amounted to approximately $2,968,000 for the years ended April 30, 2011 and 2010, which is recorded as a reduction of contractual adjustment expense. In July 2010, the State modified the reimbursement and assessment payment schedules. The Hospital is required to pay one quarter of the annual assessment each month from July through October and the reimbursement will be received according to the same schedule. The amount of deferred revenue related to this Program as of April 30, 2011 and 2010 was approximately $562,000 and none respectively. Total assessments incurred by the Hospital related to this Program amounted to approximately $1,704,000 for the years ended April 30, 2011 and 2010, which is included in other operating expenses. The prepaid expenses related to this Program as of April 30, 2011 and 2010 was approximately $284,000 and none, respectively. The Program is effective through June 2013.

Note 4. Charity Care and Community Service

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. The amount of charges forgone for services and supplies furnished under the Hospital's charity care policy was approximately $6,154,000 and $5,135,000 for the years ended April 30, 2011 and 2010, respectively.

Although not accounted for as charity care, the Hospital considers the Medicaid contractual adjustment expense as charity care.

The Hospital provided the following services to Medicaid beneficiaries for the years ended April 30, 2011 and 2010:

	2011	2010
Charges, based on established rates	$ 31,801,000	$ 28,082,000
Estimated reimbursement	(6,029,000)	(5,992,000)
Contractual adjustment expense	$ 25,772,000	$ 22,090,000

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Note 4. Charity Care and Community Service (Continued)

In addition to charity care, the Hospital provided community benefits, including, but not limited to, the following:

- Operation of a full-time emergency room providing emergency medical services to all members of the public requiring such care.
- Maintenance of provider agreements with the Medicare and Medicaid programs.
- Financial support of an indigent clinic in the community.
- Externships for medical students.
- Nursing scholarships or tuition payments for professional education to non-employees and volunteers.
- Provision of a clinical setting for undergraduate/vocational training to students enrolled in an outside organization.
- Negative contributions in several departments including behavioral health, adult day care program, etc.
- Contributions to other not-for-profit organizations.
- Meeting room overhead/space for not-for-profit organizations.
- Recruitment of physicians and other health professionals for federally medical underserved areas.
- Partnership with community college to address the health care work force shortage.
- Health screenings, blood pressure checks, enrollment assistance in public programs, information and referrals to community services and prevention programs offered free or at low cost to the community.

Note 5. Composition of Receivables

Receivables as of April 30, 2011 and 2010 consist of the following:

	2011	2010
Patients	$ 22,172,004	$ 23,126,921
Less:		
Estimated third-party contractual adjustments	8,268,886	8,095,628
Allowance for doubtful accounts	4,992,588	5,746,235
	8,910,530	9,285,058
Other	320,799	1,033,811
	$ 9,231,329	$ 10,318,869

Note 5. Composition of Receivables (Continued)

The Hospital is located in Ottawa, Illinois. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors as of April 30, 2011 and 2010 was as follows:

	2011	2010
Medicare	19%	19%
Medicaid	7	9
Blue Cross	6	7
Other third-party payors	45	41
Patients	23	24
	100%	100%

Note 6. Composition of Assets Limited as to Use

Assets limited as to use as of April 30, 2011 and 2010 consist of the following:

	2011	2010
Board-designated assets for improvements and replacements, common collective trust funds	$ 34,632,983	$ 33,918,959
Assets held by trustee and restricted by self-insurance agreement	4,581,138	4,392,149
Assets held by trustee and restricted by bond indenture agreement, cash and securities due in one year	1,293,310	1,293,248
Assets held by trustee and restricted by 457B plan agreement	444,766	303,047
Assets restricted by donor, cash and cash equivalents	28,116	25,879
Total assets limited as to use	$ 40,980,313	$ 39,933,282

The composition of assets limited as to use is as follows:

Assets held by trustee and restricted by self-insurance agreement:

	2011	2010
Cash and cash equivalents	$ 4,568,373	$ 4,292,792
Accrued interest receivable	12,765	99,357
	$ 4,581,138	$ 4,392,149

Note 6. Composition of Assets Limited as to Use (Continued)

Assets held by trustee and restricted by 457B plan agreement:

	2011	2010
Cash	$ 167,849	$ 133,631
Mutual funds	276,917	169,416
	$ 444,766	$ 303,047

The composition of investment return for the years ended April 30, 2011 and 2010 is as follows:

	2011	2010
Interest and dividend income, net of fees and expenses	$ 712,445	$ 943,203
Net realized gain on sale of investments	1,011,094	404,591
Change in net unrealized gains on investments	2,482,538	7,486,252
Investment return	$ 4,206,077	$ 8,834,046

Investment returns are included in the accompanying consolidated statements of operations and changes in net assets for the years ended April 30, 2011 and 2010 as follows:

	2011	2010
Other operating revenue	$ 188,989	$ 222,372
Nonoperating gains	1,534,550	1,125,422
Change in net unrealized gains on investments	2,482,538	7,486,252
	$ 4,206,077	$ 8,834,046

Note 7. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Note 7. Fair Value Measurements (Continued)

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments (including assets limited as to use): Where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 securities would include equity securities and municipal bonds. Where quoted prices are available in markets that are not active or contain other inputs that are observable or can be corroborated by observable market data, securities are classified within level 2 of the valuation hierarchy. Certain securities are not valued based on observable transactions and are, therefore, classified as level 3. The Organization invests in alternative investments consisting of common collective trust funds for which fair value is determined using the net asset value per share for each fund. The fair value of the Organization's investment in the alternative investment funds generally represent the amount the Organization would expect to receive if it were to liquidate the investment excluding any redemption charges that may apply. The following table sets forth additional disclosures of the Organization's investments whose fair value is estimated using net asset value per share as of April 30, 2011:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Assets:				
Assets limited as to use:				
Board-designated assets for improvements and replacements, common collective trust funds:				
NTCC International Securities Fund (a)	$ 6,757,832	$ -	Monthly	6 Days
NTCC CRM Midcap Value Fund (b)	942,630	-	Monthly	6 Days
NTCC CS McKee Large Cap Value Fund (b)	2,373,128	-	Monthly	6 Days
NTCC Marisco Fund (b)	2,388,742	-	Monthly	6 Days
NTCC NWQ Fund (b)	2,406,263	-	Monthly	6 Days
NTCC Sasco Fund (b)	686,912	-	Monthly	6 Days
NTCC Small Cap Fund (b)	1,429,549	-	Monthly	6 Days
NTCC TCW Fund (b)	692,347	-	Monthly	6 Days
NTCC Wells Capital Fund (b)	2,097,037	-	Monthly	6 Days
NTCC William Blair Fund (b)	928,130	-	Monthly	6 Days
NTGI Common Daily Aggregate Bond Index Fund (c)	13,930,413	-	Daily	None
	$ 34,632,983			

(a) The fund invests in international securities that are either exchange traded in other countries outside of the United States of America (USA) or in securities of companies that predominantly derive their revenues from markets outside of the USA. This fund can be redeemed monthly at the current net asset value per share based on the fair value of the underlying assets. The fair value of this investment has been estimated using the net asset value per share of the investment provided by the fund manager.

(b) The fund primarily invests in U.S. equity securities and may invest in cash equivalents and investment grade bonds from time to time. This fund can be redeemed monthly at the current net asset value per share based on the fair value of the underlying assets. The fair value of this investment has been estimated using the net asset value per share of the investment provided by the fund manager.

Note 7. Fair Value Measurements (Continued)

(c) The fund seeks to hold a portfolio representative of the overall U.S. bond and debt market as characterized by the Barclays Capital Aggregate Bond Index. This fund can be redeemed daily at the current net asset value per share based on the fair value of the underlying assets. The fair value of this investment has been estimated using the net asset value per share of the investment provided by the fund manager.

Assets and liabilities recorded at fair value on a recurring basis:

The following table summarizes assets measured at fair value on a recurring basis as of April 30, 2011 and 2010, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		2011		
Assets limited as to use:				
Board-designated assets for improvements and replacements, common collective trust funds:				
NTCC International Securities Fund	$ 6,757,832	$ -	$ 6,757,832	$ -
NTCC CRM Midcap Value Fund	942,630	-	942,630	-
NTCC CS McKee Large Cap Value Fund	2,373,128	-	2,373,128	-
NTCC Marisco Fund	2,388,742	-	2,388,742	-
NTCC NWQ Fund	2,406,263	-	2,406,263	-
NTCC Sasco Fund	686,912	-	686,912	-
NTCC Small Cap Fund	1,429,549	-	1,429,549	-
NTCC TCW Fund	692,347	-	692,347	-
NTCC Wells Capital Fund	2,097,037	-	2,097,037	-
NTCC William Blair Fund	928,130	-	928,130	-
NTGI Common Daily Aggregate Bond Index Fund	13,930,413	-	13,930,413	-
	34,632,983	-	34,632,983	-
Assets held by trustee and restricted by 457B plan agreement, mutual funds, corporate bonds	276,917	276,917	-	-
Investments held by the Foundation corporate marketable equity securities, common stocks:				
Financial	55,500	55,500	-	-
Industrial	4,445	4,445	-	-
	59,945	59,945	-	-
	$ 34,969,845	$ 336,862	$ 34,632,983	$ -

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Note 7. Fair Value Measurements (Continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		2010		
Assets limited as to use:				
Board-designated assets for improvements and replacements, common collective trust funds:				
NTCC International Securities Fund	$ 6,832,151	$ -	$ 6,832,151	$ -
NTCC CRM Midcap Value Fund	765,896	-	765,896	-
NTCC CS McKee Large Cap Value Fund	2,455,912	-	2,455,912	-
NTCC Marisco Fund	2,496,969	-	2,496,969	-
NTCC NWQ Fund	2,607,021	-	2,607,021	-
NTCC Sasco Fund	791,837	-	791,837	-
NTCC Small Cap Fund	1,149,559	-	1,149,559	-
NTCC Wall Street Fund	801,259	-	801,259	-
NTCC Wells Capital Fund	2,591,892	-	2,591,892	-
NTCC William Blair Fund	975,386	-	975,386	-
NTGI Common Daily Aggregate Bond Index Fund	12,451,077	-	12,451,077	-
	33,918,959	-	33,918,959	-
Assets held by trustee and restricted by 457B plan agreement, mutual funds, corporate bonds	169,416	169,416	-	-
Investments held by the Foundation, corporate marketable equity securities, common stocks:				
Financial	76,590	76,590	-	-
Industrial	4,925	4,925	-	-
	81,515	81,515	-	-
	$ 34,169,890	$ 250,931	$ 33,918,959	$ -

Concentration of credit risk: The Organization's investment in the Funds is currently invested with one custodian. In the event this counterparty does not fulfill its obligations, the Organization may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The Organization attempts to minimize this credit risk by monitoring the creditworthiness of its counterparties.

Note 8. Long-Term Debt

Long-term debt as of April 30, 2011 and 2010 consists of the following:

	2011	2010
Revenue bonds, Series 2004	$ 12,905,000	$ 13,540,000
Bond premium	79,302	83,448
	12,984,302	13,623,448
Less current maturities	660,000	635,000
Total long-term debt	$ 12,324,302	$ 12,988,448

In May 2004, the Hospital borrowed $16,630,000 from proceeds from bonds issued by the City of Ottawa, Illinois. Of these proceeds, $12,275,000 was used to refund the Series 1994 bonds. The remaining proceeds were used for capital projects. The bonds are to be repaid over 20 years in annual principal amounts ranging from $660,000 to $3,575,000 and bear interest at rates ranging from 3.75% to 5.2%. The bonds have restrictive covenants and are insured by a financial guarantee insurance policy. Under the terms of the bond indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in assets limited as to use.

The Hospital has a bank line of credit totaling $3,000,000 which expires August 2011. Borrowings under this line of credit bear interest at 4.13%. There were no amounts outstanding under this line of credit as of April 30, 2011. Subsequent to year-end, borrowings on this line of credit amounted to approximately $2,000,000.

Maturities of long-term debt over the next five years and thereafter are as follows based on the terms of the 2004 bonds:

Year ending April 30:	
2012	$ 660,000
2013	690,000
2014	720,000
2015	-
2016	1,545,000
Thereafter	9,290,000
	$ 12,905,000

Note 9. Self-Insurance Programs

Self-insurance for professional and comprehensive general liability losses:

The Hospital has established a self-insurance program for its professional and comprehensive general liability losses. The Hospital is currently funding its self-insurance professional and general liability losses based on loss limits of $1,000,000 per occurrence with an annual limit of $3,000,000. Losses in excess of these loss limits are covered by commercial insurance in the amount of $10,000,000 per occurrence and in the aggregate.

The Hospital is from time-to-time involved in litigation arising in the ordinary course of business. Losses from asserted and unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and other relevant factors. It is the opinion of management that estimated malpractice costs accrued at April 30, 2011, are adequate to provide for potential losses resulting from asserted and unasserted claims.

Operations are charged with the costs of claims reported and an estimate of claims incurred but not reported. Total expense under the medical malpractice program was none and $(1,000,000) for the years ended April 30, 2011 and 2010, respectively. The expense for the year ended April 30, 2010 includes the effect of a change in estimate which reduced the expense by approximately $1,000,000.

In accordance with the self-insurance trust agreement, the assets held by the trustee are to be used only for the payment of covered losses and are, therefore, unavailable for the Hospital's general operating purposes. A summary of the transactions in the trust fund for the years ended April 30, 2011 and 2010 is as follows:

	2011	2010
Balance, beginning	$ 4,392,149	$ 4,169,776
Interest income	188,989	222,373
Balance, ending	$ 4,581,138	$ 4,392,149

Self-insurance for employees' health insurance:

The health insurance plan for the Hospital's employees is administered by a third-party administrator and is, in effect, a self-insured plan. Monthly premiums are paid into a trust fund based on estimated claims, with the Hospital liable for the excess of claims over the premiums paid. The Hospital has stop-loss insurance to cover third-party claims in excess of $100,000. The accompanying consolidated statements of operations and changes in net assets reflect expenses of approximately $8,056,000 and $8,072,000 relating to the employees' health insurance plan for the years ended April 30, 2011 and 2010, respectively.

Note 10. Employee Retirement Plan

The Hospital has established a defined contribution pension plan covering substantially all of its employees. Contributions are determined annually by the Board of Governors. Contributions to the plan were approximately $827,000 and $1,250,000 for the years ended April 30, 2011 and 2010, respectively.

Note 11. Composition of Nonoperating Gains

Nonoperating gains for the years ended April 30, 2011 and 2010 consist of the following:

	2011	2010
Income from assets whose use is limited, Board-designated assets for improvements and replacements:		
Dividend and interest income	$ 533,732	$ 724,453
Gain on sale of securities, primarily marketable equity securities	1,011,095	404,591
Interest income from other assets	258,665	189,625
Gain (loss) on sale of land	2,706	(34,829)
Unrestricted gifts	558,776	7,343
	$ 2,364,974	$ 1,291,183

Note 12. Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses of the Hospital and not-for-profit affiliates related to providing these services for the years ended April 30, 2011 and 2010 are as follows:

	2011	2010
Health care services	$ 56,091,123	$ 55,922,577
General and administrative	17,921,111	17,628,149
Fund raising, net of intercompany contributions	191,843	223,872
	$ 74,204,077	$ 73,774,598

Note 13. Income Taxes

The Hospital, Auxiliary and Foundation have been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. In lieu of corporation income taxes, the members of RONI are taxed on their share of the LLC's income, deductions, losses and credits. Therefore, these consolidated financial statements do not include any provision for income taxes for these entities. ORHA is a for-profit corporation subject to applicable federal and state income taxes.

Deferred taxes for ORHA are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating losses and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in the tax laws and rates on the date of enactment.

The Hospital, Auxiliary and Foundation file a Form 990 (Return of Organization Exempt from Income Tax) annually. When this return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to tax exempt organizations include such matters as the following: the tax exempt status of the entity, the continued tax exempt status of bonds issued, the nature, the characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT). UBIT is reported on Form 990T, as appropriate. The benefit of tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of April 30, 2011 and 2010, there were no unrecognized tax benefits identified and recorded as a liability.

Forms 990 and 990T filed by the Organization are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by the Organization are no longer subject to examination for the year ended April 30, 2007 and prior.

Form 1120 filed by ORHA is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return.

Note 13. Income Taxes (Continued)

Net deferred tax assets for the years ended April 30, 2011 and 2010 consist primarily of amounts associated with net operating losses incurred by ORHA and its wholly-owned subsidiary as shown below:

	2011	2010
Deferred income tax asset	$ 1,300,000	$ 149,000
Less valuation reserve	(1,300,000)	(149,000)
Deferred income tax asset, net	$ -	$ -

Income tax expense (credit) is provided on income (loss) generated by ORHA and its wholly-owned subsidiary. A reconciliation of income tax expense (credit) for the years ended April 30, 2011 and 2010 is as follows:

	2011	2010
Computed "expected" income tax credit	$ (1,151,000)	$ (149,000)
Less valuation allowance	1,151,000	149,000
	$ -	$ -

Note 14. Commitments and Contingencies

As of April 30, 2011, construction-in-progress consists of costs of facility renovations and additions to the Hospital's facilities to accommodate express care and sleep lab and the purchase of a new electronic medical records system.

The Hospital has signed commitments for the purchase of a new electronic medical records system totaling approximately $700,000 of which approximately $630,000 is remaining as of April 30, 2011. The estimated cost of the other renovations is approximately $6,185,000 of which approximately $2,783,000 is remaining as of April 30, 2011. The remaining commitments related to these projects will be funded with cash from operations and proceeds from the sale of investments.

Current economic conditions:

The current economic environment presents hospitals with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Organization.

Current economic conditions, including the rising unemployment rate, have made it difficult for certain of the Organization's patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Organization's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and contributions receivable that could negatively impact the Organization's ability to meet debt covenants or maintain sufficient liquidity.

Note 14. Commitments and Contingencies (Continued)

Laws and regulations:

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Health care reform:

As a result of recently enacted federal health care reform legislation, substantial changes are anticipated in the United States health care system. Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade. This federal health care reform legislation does not affect the consolidated financial statements for the year ended April 30, 2011.

McGladrey

Independent Auditor's Report
on the Supplementary Information

To the Board of Governors
Ottawa Regional Hospital & Healthcare Center
Ottawa, Illinois

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations. The consolidating and other supplementary information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Davenport, Iowa
July 21, 2011

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Member of RSM International network, a network of independent accounting, tax and consulting firms.

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidating Statement of Operations
Year Ended April 30, 2011

	Ottawa Regional Hospital & Healthcare Center	Consolidated Ottawa Regional Healthcare Affiliates, Inc.	Radiation Oncology of Northern Illinois, LLC
Unrestricted net assets:			
Net patient service revenue	$ 68,926,629	$ 5,896,579	$ 2,340,547
Other operating revenue, net	1,582,647	127,931	-
Net assets released from restriction, used for operations	152	-	-
Total operating revenue	70,509,428	6,024,510	2,340,547
Expenses:			
Salaries and wages	29,933,620	4,863,341	405,321
Employee benefits	10,850,132	1,386,434	-
Supplies and other expenses	23,136,375	2,467,406	1,109,839
Depreciation and amortization	6,421,883	177,888	410,927
Interest	318,423	-	-
Provision for bad debts	3,349,236	324,384	24,145
Total operating expenses	74,009,669	9,219,453	1,950,232
Income (loss) from operations	(3,500,241)	(3,194,943)	390,315
Net nonoperating gains (losses)	(594,608)	-	6,794
Current year change in unrealized gains on trading securities	2,504,108	-	-
Excess (deficiency) of revenue over expenses	(1,590,741)	(3,194,943)	397,109
Less excess of revenue over expenses attributable to noncontrolling interest	-	-	(170,757)
Excess (deficiency) of revenue over expenses attributable to controlling interest	(1,590,741)	(3,194,943)	226,352
Current year change in unrealized (losses) on investments	-	-	-
Capital contributions (distributions)	-	2,598,641	(798,000)
Increase (decrease) in unrestricted net assets	$ (1,590,741)	$ (596,302)	$ (571,648)

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Eliminations	Subtotal	Ottawa Regional Hospital & Healthcare Center Auxiliary	Ottawa Regional Hospital & Healthcare Center Foundation	Eliminations	Consolidated
$ -	$ 77,163,755	$ -	$ -	$ -	$ 77,163,755
(230,129)	1,480,449	169,791	7,470	-	1,657,710
-	152	10,239	14,561	-	24,952
(230,129)	78,644,356	180,030	22,031	-	78,846,417
-	35,202,282	81,986	-	-	35,284,268
-	12,236,566	-	-	-	12,236,566
(230,129)	26,483,491	92,409	36,744	(19,286)	26,593,358
-	7,010,698	2,555	-	-	7,013,253
-	318,423	-	-	-	318,423
-	3,697,765	-	-	-	3,697,765
(230,129)	84,949,225	176,950	36,744	(19,286)	85,143,633
-	(6,304,869)	3,080	(14,713)	19,286	(6,297,216)
2,968,591	2,380,777	391	3,092	(19,286)	2,364,974
-	2,504,108	-	-	-	2,504,108
2,968,591	(1,419,984)	3,471	(11,621)	-	(1,428,134)
-	(170,757)	-	-	-	(170,757)
2,968,591	(1,590,741)	3,471	(11,621)	-	(1,598,891)
-	-	-	(21,570)	-	(21,570)
(1,800,641)	-	-	-	-	-
$ 1,167,950	$ (1,590,741)	$ 3,471	$ (33,191)	$ -	$ (1,620,461)

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Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidating Statement of Operations
Year Ended April 30, 2010

	Ottawa Regional Hospital & Healthcare Center	Consolidated Ottawa Regional Healthcare Affiliates, Inc.	Radiation Oncology of Northern Illinois, LLC
Unrestricted net assets:			
Net patient service revenue	$ 68,507,763	$ 1,937,491	$ 2,149,533
Other operating revenue, net	1,233,872	25,191	-
Net assets released from restriction, used for operations	-	-	-
Total operating revenue	69,741,635	1,962,682	2,149,533
Expenses:			
Salaries and wages	30,325,306	1,401,919	390,143
Employee benefits	11,473,504	209,957	-
Supplies and other expenses	21,491,295	660,719	969,903
Depreciation and amortization	5,970,624	29,975	391,588
Interest	147,245	-	-
Provision for bad debts	3,142,753	46,534	62,402
Total operating expenses	72,550,727	2,349,104	1,814,036
Income (loss) from operations	(2,809,092)	(386,422)	335,497
Net nonoperating gains	1,270,583	-	3,622
Current year change in unrealized gains on trading securities	7,479,931	-	-
Excess (deficiency) of revenue over expenses	5,941,422	(386,422)	339,119
Less excess of revenue over expenses attributable to noncontrolling interest	-	-	(145,821)
Excess (deficiency) of revenue over expenses attributable to controlling interest	5,941,422	(386,422)	193,298
Current year change in unrealized gains losses on investments	-	-	-
Change in interest in net assets of related organization	(136,000)	-	-
Net assets released from restriction, used for the acquisition of property and equipment	1,406,208	-	-
Capital contributions (distributions)	-	1,850,000	(342,000)
Increase (decrease) in unrestricted net assets	$ 7,211,630	$ 1,463,578	$ (148,702)

ATTACHMENT #6

Eliminations	Subtotal	Ottawa Regional Hospital & Healthcare Center Auxiliary	Ottawa Regional Hospital & Healthcare Center Foundation	Eliminations	Consolidated
$ -	$ 72,594,787	$ -	$ -	$ -	$ 72,594,787
-	1,259,063	168,254	15,218	-	1,442,535
-	-	-	1,011,709	-	1,011,709
-	73,853,850	168,254	1,026,927	-	75,049,031
-	32,117,368	78,674	-	-	32,196,042
-	11,683,461	-	-	-	11,683,461
-	23,121,917	141,869	1,185,340	(184,567)	24,264,559
-	6,392,187	2,555	-	-	6,394,742
-	147,245	-	-	-	147,245
-	3,251,689	-	-	-	3,251,689
-	76,713,867	223,098	1,185,340	(184,567)	77,937,738
-	(2,860,017)	(54,844)	(158,413)	184,567	(2,888,707)
193,124	1,467,329	438	7,983	(184,567)	1,291,183
-	7,479,931	-	-	-	7,479,931
193,124	6,087,243	(54,406)	(150,430)	-	5,882,407
-	(145,821)	-	-	-	(145,821)
193,124	5,941,422	(54,406)	(150,430)	-	5,736,586
-	-	-	6,321	-	6,321
-	(136,000)	-	-	136,000	-
-	1,406,208	-	-	-	1,406,208
(1,508,000)	-	-	-	-	-
$ (1,314,876)	$ 7,211,630	$ (54,406)	$ (144,109)	$ 136,000	$ 7,149,115

ATTACHMENT #6

Ottawa Regional Healthcare
Affiliates, Inc.

Consolidating Statement of Operations
Year Ended April 30, 2011

	Ottawa Regional Healthcare Affiliates, Inc.	Ottawa Regional Medical Center, Inc.	Eliminations	Consolidated Ottawa Regional Healthcare Affiliates, Inc.
Revenue:				
Net patient service revenue	$ -	$ 5,896,579	$ -	$ 5,896,579
Other operating revenue, net	-	127,931	-	127,931
Total operating revenue	-	6,024,510	-	6,024,510
Expenses:				
Salaries and wages	-	4,863,341	-	4,863,341
Employee benefits	-	1,386,434	-	1,386,434
Supplies and other expenses	-	2,467,406	-	2,467,406
Depreciation	-	177,888	-	177,888
Provision for bad debts	-	324,384	-	324,384
Total operating expenses	-	9,219,453	-	9,219,453
(Loss) from operations	-	(3,194,943)	-	(3,194,943)
Nonoperating expense	(3,194,943)	-	3,194,943	-
Net (loss)	$ (3,194,943)	$ (3,194,943)	$ 3,194,943	$ (3,194,943)

ATTACHMENT #6

Ottawa Regional Healthcare
Affiliates, Inc.

Consolidating Statement of Operations
Year Ended April 30, 2010

	Ottawa Regional Healthcare Affiliates, Inc.	Ottawa Regional Medical Center, Inc.	Eliminations	Consolidated Ottawa Regional Healthcare Affiliates, Inc.
Revenue:				
Net patient service revenue	$ -	$ 1,937,491	$ -	$ 1,937,491
Other operating revenue, net	-	25,191	-	25,191
Total operating revenue	-	1,962,682	-	1,962,682
Expenses:				
Salaries and wages	-	1,401,919	-	1,401,919
Employee benefits	-	209,957	-	209,957
Supplies and other expenses	-	660,719	-	660,719
Depreciation	-	29,975	-	29,975
Provision for bad debts	-	46,534	-	46,534
Total operating expenses	-	2,349,104	-	2,349,104
(Loss) from operations	-	(386,422)	-	(386,422)
Nonoperating expense	(386,422)	-	386,422	-
Net (loss)	$ (386,422)	$ (386,422)	$ 386,422	$ (386,422)

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidating Balance Sheet
April 30, 2011

Assets	Ottawa Regional Hospital & Healthcare Center	Consolidated Ottawa Regional Healthcare Affiliates, Inc.	Radiation Oncology of Northern Illinois, LLC
Current Assets:			
Cash and cash equivalents	$ 1,059,606	$ 5,926	$ 477,106
Certificates of deposit	-	-	-
Receivables, net	8,313,009	840,988	111,503
Supplies and materials	1,658,739	141,467	-
Prepaid expenses:			
Medicaid assessment program	284,113	-	-
Other	752,296	67,697	10,731
Total current assets	12,067,763	1,056,078	599,340
Assets Limited as to Use	40,962,045	-	-
Property and Equipment:			
Land and improvements	3,829,891	-	-
Building and improvements	68,021,150	1,462	25,797
Furniture, fixtures and equipment	33,317,796	638,869	2,429,583
Construction in process	6,419,598	-	-
	111,588,435	640,331	2,455,380
Less accumulated depreciation	56,621,398	207,863	1,024,583
	54,967,037	432,468	1,430,797
Investments, primarily investment in associated company	3,617,499	-	-
Other Assets, primarily debt issuance costs, net and physician advances	1,206,177	643,236	-
Total assets	$ 112,820,521	$ 2,131,782	$ 2,030,137

ATTACHMENT #6

Eliminations	Subtotal	Ottawa Regional Hospital & Healthcare Center Auxiliary	Ottawa Regional Hospital & Healthcare Center Foundation	Eliminations	Consolidated
$ -	$ 1,542,638	$ 83,355	$ 24,914	$ -	$ 1,650,907
-	-	4,191	160,372	-	164,563
(37,750)	9,227,750	3,579	-	-	9,231,329
-	1,800,206	70,165	-	-	1,870,371
-	284,113	-	-	-	284,113
-	830,724	148	-	-	830,872
(37,750)	13,685,431	161,438	185,286	-	14,032,155
-	40,962,045	1,250	17,018	-	40,980,313
-	3,829,891	-	-	-	3,829,891
-	68,048,409	-	-	-	68,048,409
-	36,386,248	46,389	-	-	36,432,637
-	6,419,598	-	-	-	6,419,598
-	114,684,146	46,389	-	-	114,730,535
-	57,853,844	45,112	-	-	57,898,956
-	56,830,302	1,277	-	-	56,831,579
(1,929,307)	1,688,192	-	59,945	-	1,748,137
-	1,849,413	-	-	-	1,849,413
$ (1,967,057)	$ 115,015,383	$ 163,965	$ 262,249	$ -	$ 115,441,597

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidating Balance Sheet
April 30, 2011

Liabilities and Net Assets	Ottawa Regional Hospital & Healthcare Center	Consolidated Ottawa Regional Healthcare Affiliates, Inc.	Radiation Oncology of Northern Illinois, LLC
Current Liabilities:			
Current maturities of long-term debt	$ 660,000	$ -	$ -
Accounts payable	2,631,832	254,760	28,996
Accrued salaries, wages and payroll taxes	1,275,036	316,130	39,792
Accrued earned time	2,853,895	189,195	-
Deferred revenue, medicaid assessment program	561,969	-	-
Estimated third-party payor settlements	2,069,584	-	-
Other accrued expenses	1,924,469	222,296	98,137
Total current liabilities	11,976,785	982,381	166,925
Long-Term Debt, net of current maturities	12,324,302	-	-
Other Accrued Expenses	425,918	282,125	-
Estimated Self-Insurance Costs	1,251,000	-	-
Total liabilities	25,978,005	1,264,506	166,925
Net Assets and Equity:			
Common stock	-	100	-
Additional paid-in capital	-	4,448,541	-
Retained earnings	-	(3,581,365)	-
Unrestricted net assets	86,832,668	-	1,062,031
Noncontrolling interest - unrestricted	-	-	801,181
Temporarily restricted net assets	9,848	-	-
Permanently restricted net assets	-	-	-
Total net assets	86,842,516	867,276	1,863,212
Total liabilities and net assets	$ 112,820,521	$ 2,131,782	$ 2,030,137

ATTACHMENT #6

Eliminations	Subtotal	Ottawa Regional Hospital & Healthcare Center Auxiliary	Ottawa Regional Hospital & Healthcare Center Foundation	Eliminations	Consolidated
$ -	$ 660,000	$ -	$ -	$ -	$ 660,000
(1,191)	2,914,397	8,190	-	-	2,922,587
(36,559)	1,594,399	17,548	-	-	1,611,947
-	3,043,090	-	-	-	3,043,090
-	561,969	-	-	-	561,969
-	2,069,584	-	-	-	2,069,584
-	2,244,902	9,057	-	-	2,253,959
(37,750)	13,088,341	34,795	-	-	13,123,136
-	12,324,302	-	-	-	12,324,302
-	708,043	-	-	-	708,043
-	1,251,000	-	-	-	1,251,000
(37,750)	27,371,686	34,795	-	-	27,406,481
(100)	-	-	-	-	-
(4,448,541)	-	-	-	-	-
3,581,365	-	-	-	-	-
(1,062,031)	86,832,668	127,920	245,231	-	87,205,819
-	801,181	-	-	-	801,181
-	9,848	1,250	12,293	-	23,391
-	-	-	4,725	-	4,725
(1,929,307)	87,643,697	129,170	262,249	-	88,035,116
$ (1,967,057)	$ 115,015,383	$ 163,965	$ 262,249	$ -	$ 115,441,597

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidating Balance Sheet
April 30, 2010

Assets	Ottawa Regional Hospital & Healthcare Center	Consolidated Ottawa Regional Healthcare Affiliates, Inc.	Radiation Oncology of Northern Illinois, LLC
Current Assets:			
Cash and cash equivalents	$ 1,580,500	$ 255,534	$ 937,087
Certificates of deposit	-	-	-
Receivables, net	9,354,779	1,249,431	243,539
Supplies and materials	1,815,617	126,859	-
Other, primarily prepaid expenses	674,749	58,255	7,624
Total current assets	13,425,645	1,690,079	1,188,250
Assets Limited as to Use	39,907,403	-	-
Property and Equipment:			
Land and improvements	3,627,524	-	-
Building and improvements	62,442,200	1,462	25,797
Furniture, fixtures and equipment	29,621,106	316,603	2,423,797
Construction in process	7,429,433	-	-
	103,120,263	318,065	2,449,594
Less accumulated depreciation	50,555,992	29,975	613,656
	52,564,271	288,090	1,835,938
Investments, primarily investment in associated company	4,742,565	-	-
Other Assets, primarily debt issuance costs, net and physician advances	1,505,727	475,978	-
Total assets	$ 112,145,611	$ 2,454,147	$ 3,024,188

ATTACHMENT #6

Eliminations	Subtotal	Ottawa Regional Hospital & Healthcare Center Auxiliary	Ottawa Regional Hospital & Healthcare Center Foundation	Eliminations	Consolidated
$ -	$ 2,773,121	$ 71,106	$ 37,160	$ -	$ 2,881,387
-	-	19,673	159,747	-	179,420
(530,897)	10,316,852	2,017	-	-	10,318,869
-	1,942,476	60,755	-	-	2,003,231
-	740,628	143	-	-	740,771
(530,897)	15,773,077	153,694	196,907	-	16,123,678
-	39,907,403	10,239	15,640	-	39,933,282
-	3,627,524	-	-	-	3,627,524
-	62,469,459	-	-	-	62,469,459
-	32,361,506	46,389	-	-	32,407,895
-	7,429,433	-	-	-	7,429,433
-	105,887,922	46,389	-	-	105,934,311
-	51,199,623	42,557	-	-	51,242,180
-	54,688,299	3,832	-	-	54,692,131
(3,097,257)	1,645,308	-	81,515	-	1,726,823
-	1,981,705	-	-	-	1,981,705
$ (3,628,154)	$ 113,995,792	$ 167,765	$ 294,062	$ -	$ 114,457,619

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Consolidating Balance Sheet
April 30, 2010

Liabilities and Net Assets	Ottawa Regional Hospital & Healthcare Center	Consolidated Ottawa Regional Healthcare Affiliates, Inc.	Radiation Oncology of Northern Illinois, LLC
Current Liabilities:			
Current maturities of long-term debt	$ 635,000	$ -	$ -
Accounts payable	2,297,259	507,940	2,449
Accrued salaries, wages and payroll taxes	1,125,570	255,210	73,483
Accrued earned time	2,639,888	143,541	-
Estimated third-party payor settlements	690,363	-	-
Other accrued expenses	1,693,850	73,178	82,153
Total current liabilities	9,081,930	979,869	158,085
Long-Term Debt, net of current maturities	12,988,448	-	-
Other Accrued Expenses	300,824	10,700	-
Estimated Self-Insurance Costs	1,351,000	-	-
Total liabilities	23,722,202	990,569	158,085
Net Assets and Equity:			
Common stock	-	100	-
Additional paid-in capital	-	1,849,900	-
Retained earnings	-	(386,422)	-
Unrestricted net assets	88,423,409	-	1,633,679
Noncontrolling interest - unrestricted	-	-	1,232,424
Temporarily restricted net assets	-	-	-
Permanently restricted net assets	-	-	-
Total net assets	88,423,409	1,463,578	2,866,103
Total liabilities and net assets	$ 112,145,611	$ 2,454,147	$ 3,024,188

ATTACHMENT #6

Eliminations	Subtotal	Ottawa Regional Hospital & Healthcare Center Auxiliary	Ottawa Regional Hospital & Healthcare Center Foundation	Eliminations	Consolidated
$ -	$ 635,000	$ -	$ -	$ -	$ 635,000
(457,414)	2,350,234	8,469	-	-	2,358,703
(73,483)	1,380,780	13,599	-	-	1,394,379
-	2,783,429	-	-	-	2,783,429
-	690,363	-	-	-	690,363
-	1,849,181	11,009	-	-	1,860,190
(530,897)	9,688,987	33,077	-	-	9,722,064
-	12,988,448	-	-	-	12,988,448
-	311,524	-	-	-	311,524
-	1,351,000	-	-	-	1,351,000
(530,897)	24,339,959	33,077	-	-	24,373,036
(100)	-	-	-	-	-
(1,849,900)	-	-	-	-	-
386,422	-	-	-	-	-
(1,633,679)	88,423,409	124,449	278,422	-	88,826,280
-	1,232,424	-	-	-	1,232,424
-	-	10,239	10,915	-	21,154
-	-	-	4,725	-	4,725
(3,097,257)	89,655,833	134,688	294,062	-	90,084,583
$ (3,628,154)	$ 113,995,792	$ 167,765	$ 294,062	$ -	$ 114,457,619

ATTACHMENT #6

Ottawa Regional Healthcare Affiliates, Inc.

Consolidating Balance Sheet
April 30, 2011

Assets	Ottawa Regional Healthcare Affiliates, Inc.	Ottawa Regional Medical Center, Inc.	Eliminations	Consolidated Ottawa Regional Healthcare Affiliates, Inc.
Current Assets:				
Cash and cash equivalents	$ -	$ 5,926	$ -	$ 5,926
Receivables, net	-	840,988	-	840,988
Supplies and materials	-	141,467	-	141,467
Other, primarily prepaid expenses	-	67,697	-	67,697
Total current assets	-	1,056,078	-	1,056,078
Property and Equipment:				
Building and improvements	-	1,462	-	1,462
Furniture, fixtures and equipment	-	638,869	-	638,869
	-	640,331	-	640,331
Less accumulated depreciation	-	207,863	-	207,863
	-	432,468	-	432,468
Investment in Subsidiary	867,276	-	(867,276)	-
Other Assets, primarily noncompete covenant, net and physician advances	-	643,236	-	643,236
Total assets	$ 867,276	$ 2,131,782	$ (867,276)	$ 2,131,782

ATTACHMENT #6

Liabilities and Stockholder's Equity	Ottawa Regional Healthcare Affiliates, Inc.	Ottawa Regional Medical Center, Inc.	Eliminations	Consolidated Ottawa Regional Healthcare Affiliates, Inc.
Current Liabilities:				
Accounts payable	$ -	$ 254,760	$ -	$ 254,760
Accrued salaries, wages and payroll taxes	-	316,130	-	316,130
Accrued earned time	-	189,195	-	189,195
Other accrued expenses	-	222,296	-	222,296
Total current liabilities	-	982,381	-	982,381
Other Accrued Expenses	-	282,125	-	282,125
Total liabilities	-	1,264,506	-	1,264,506
Stockholder's Equity:				
Common stock, $1 par value; authorized 1000 shares; issued 100 shares	100	100	(100)	100
Additional paid-in capital	4,448,541	4,448,541	(4,448,541)	4,448,541
Retained earnings	(3,581,365)	(3,581,365)	3,581,365	(3,581,365)
Total stockholder's equity	867,276	867,276	(867,276)	867,276
Total liabilities and stockholder's equity	$ 867,276	$ 2,131,782	$ (867,276)	$ 2,131,782

ATTACHMENT #6

Ottawa Regional Healthcare Affiliates, Inc.

Consolidating Balance Sheet
April 30, 2010

Assets	Ottawa Regional Healthcare Affiliates, Inc.	Ottawa Regional Medical Center, Inc.	Eliminations	Consolidated Ottawa Regional Healthcare Affiliates, Inc.
Current Assets:				
Cash and cash equivalents	$ -	$ 255,534	$ -	$ 255,534
Receivables, net	-	1,249,431	-	1,249,431
Supplies and materials	-	126,859	-	126,859
Other, primarily prepaid expenses	-	58,255	-	58,255
Total current assets	-	1,690,079	-	1,690,079
Property and Equipment:				
Building and improvements	-	1,462	-	1,462
Furniture, fixtures and equipment	-	316,603	-	316,603
	-	318,065	-	318,065
Less accumulated depreciation	-	29,975	-	29,975
	-	288,090	-	288,090
Investment in Subsidiary	1,463,578	-	(1,463,578)	-
Other Assets, primarily noncompete covenant, net and physician advances	-	475,978	-	475,978
Total assets	$ 1,463,578	$ 2,454,147	$ (1,463,578)	$ 2,454,147

ATTACHMENT #6

Liabilities and Stockholder's Equity	Ottawa Regional Healthcare Affiliates, Inc.	Ottawa Regional Medical Center, Inc.	Eliminations	Consolidated Ottawa Regional Healthcare Affiliates, Inc.
Current Liabilities:				
Accounts payable	$ -	$ 507,940	$ -	$ 507,940
Accrued salaries, wages and payroll taxes	-	255,210	-	255,210
Accrued earned time	-	143,541	-	143,541
Other accrued expenses	-	73,178	-	73,178
Total current liabilities	-	979,869	-	979,869
Other Accrued Expenses	-	10,700	-	10,700
Total liabilities	-	990,569	-	990,569
Stockholder's Equity:				
Common stock, $1 par value; authorized 1000 shares; issued 100 shares	100	100	(100)	100
Additional paid-in capital	1,849,900	1,849,900	(1,849,900)	1,849,900
Retained earnings	(386,422)	(386,422)	386,422	(386,422)
Total stockholder's equity	1,463,578	1,463,578	(1,463,578)	1,463,578
Total liabilities and stockholder's equity	$ 1,463,578	$ 2,454,147	$ (1,463,578)	$ 2,454,147

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Patient and Financial Statistics
(Hospital Only)

Revenue and Expenses Statistics	Year Ended April 30, 2011	2010
Net patient service revenue	**$ 68,926,629**	$ 68,507,763
Other operating revenue	**1,582,647**	1,233,872
Net assets released from restriction, used for operations	**152**	-
	$ 70,509,428	$ 69,741,635
Patient days (unaudited):		
Acute care days	**7,981**	8,770
Mental health days	**4,845**	4,309
Nursery days	**945**	942
Total patient days	**13,771**	14,021
Adjusted patient days (unaudited) (1)	**35,279**	36,818
Net operating revenue per adjusted patient day (unaudited)	**$ 1,998.62**	$ 1,894.23
Percentage increase (decrease)	**5.5%**	2.6%
Operating expenses	**$ 74,009,669**	$ 72,550,727
Operating expenses per adjusted patient day (unaudited)	**2,097.84**	1,970.52
Percentage increase (decrease)	**6.5%**	4.6%
% of salaries, wages and employee benefits to total operating expenses	**55.1%**	57.6%
Income (loss) from operations	**$ (3,500,241)**	$ (2,809,092)
Excess (deficiency) of revenue over expenses	**(1,590,741)**	5,941,422
Increase (decrease) in net assets	**(1,580,893)**	6,805,422

Balance Sheet Statistics	April 30, 2011	2010
Total current assets	**$ 12,067,763**	$ 13,425,645
Total current liabilities	**11,976,785**	9,081,930
Working capital	**$ 90,978**	$ 4,343,715
Ratio of current assets to current liabilities	**1.01 to 1**	1.48 to 1
Average number of days revenue in patient receivables (2)	**44 days**	50 days

(1) Total patient days (less nursery days) divided by the percentage of inpatient revenue to total patient revenue.
(2) Computed based on patient accounts receivable after adjustments for unapplied third-party payments, estimated third-party contractual adjustments and the allowance for doubtful accounts excluding Medicaid assessment.

ATTACHMENT #6

	Year Ended April 30,				
	2009	2008	2007	2006	2005
$	71,800,158	$ 70,441,122	$ 66,931,546	$ 55,784,716	$ 55,535,160
	1,136,621	1,184,151	1,004,677	907,616	781,944
	-	-	-	-	-
$	72,936,779	$ 71,625,273	$ 67,936,223	$ 56,692,332	$ 56,317,104
	9,585	10,179	9,808	9,958	10,759
	5,257	5,659	5,044	3,676	4,084
	1,012	930	700	791	869
	15,854	16,768	15,552	14,425	15,712
	39,493	40,820	38,278	33,499	35,007
$	1,846.83	$ 1,754.66	$ 1,774.82	$ 1,692.36	$ 1,608.74
	5.3%	(1.1)%	4.9%	5.2%	2.8%
$	74,431,671	$ 69,759,579	$ 65,921,054	$ 56,620,040	$ 55,276,683
	1,884.68	1,708.96	1,722.17	1,690.20	1,579.02
	10.3%	(0.8)%	1.9%	7.0%	5.4%
	55.2%	53.1%	52.7%	56.0%	55.1%
$	(1,494,892)	$ 1,865,694	$ 2,015,169	$ 72,292	$ 1,040,421
	(4,450,953)	5,673,378	4,459,614	2,471,367	1,738,031
	(11,154,576)	3,926,861	7,322,280	7,310,687	4,325,626

	April 30,				
	2009	2008	2007	2006	2005
$	15,099,723	$ 21,152,912	$ 21,526,340	$ 16,961,426	$ 22,251,635
	8,788,922	10,018,441	8,220,317	6,254,820	5,850,127
$	6,310,801	$ 11,134,471	$ 13,306,023	$ 10,706,606	$ 16,401,508
	1.72 to 1	2.11 to 1	2.62 to 1	2.71 to 1	3.80 to 1
	49 days	62 days	54 days	65 days	73 days

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Financial Ratios
(Hospital Only)

	April 30,			
	2011 *	2010 *	2009 *	2009 **
I. Profitability Ratios				
Operating margin	**(5.0)%**	(4.0)%	(2.0)%	(2.0)%
Total margin	**(5.7)**	(2.0)	(6.4)	0.6
Return on net assets	**(3.6)**	(1.7)	(5.5)	0.6
II. Liquidity Ratios				
Current ratio	**1.01 to 1**	1.48 to 1	1.72 to 1	1.72 to 1
Number of days of patient service revenue in patient accounts receivable	**44.0 days**	49.9 days	48.9 days	48.9 days
Days cash on hand	**5.8 days**	8.7 days	18.0 days	18.0 days
Average payment period	**64.7 days**	49.8 days	46.4 days	46.4 days
III. Capital Structure Ratios				
Long-term debt to capitalization	**12.4%**	12.8%	14.4%	14.4%
Debt service coverage	**2.32 to 1**	3.56 to 1	1.26 to 1	5.63 to 1
Cash flow to total debt	**9.0%**	18.3%	3.6%	23.5%
IV. Other Ratios				
Average age of plant	**8.86 years**	8.56 years	8.57 years	8.57 years
Contractual allowance percent	**60.3%**	58.4%	53.1%	53.1%

* Calculations prepared with investments classified as trading
** Calculations prepared with investments classified as other-than-trading

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Statement of Operations Information (Hospital Only)

Patient Service Revenue	**2011**	2010
	Total	
Routine care services:		
Medical-surgical	**$ 10,455,239**	$ 9,685,796
Psychiatric care unit	**10,878,685**	9,540,950
Intensive care unit	**1,719,574**	1,664,727
Obstetrical	**2,504,882**	2,463,060
Nursery	**676,620**	630,198
	26,235,000	23,984,731
Other nursing services:		
Surgical services	**24,993,861**	23,503,793
Central services and supply	**1,687,758**	1,629,170
Intravenous therapy	**2,212,476**	2,162,372
Emergency service	**13,165,343**	11,937,731
Delivery and labor room	**1,364,396**	1,176,986
Outpatient services	**11,523,980**	10,074,465
Home health	**4,586,678**	4,655,385
	59,534,492	55,139,902
Other professional services:		
Laboratory	**21,169,754**	20,396,520
Pharmacy	**7,900,970**	8,072,395
Radiology	**40,300,212**	36,463,856
Respiratory therapy	**6,897,285**	7,021,543
Physician professional services	**10,658,025**	11,668,004
Physical, occupational and activity therapy	**7,131,809**	6,983,347
	94,058,055	90,605,665
	179,827,547	169,730,298
Less charity care	**(6,154,272)**	(5,135,314)
	$ 173,673,275	$ 164,594,984

ATTACHMENT #6

Year Ended April 30,			
2011	2010	**2011**	2010
Inpatient		Outpatient	
$ 6,109,283	$ 6,347,733	**$ 4,345,956**	$ 3,338,063
7,207,872	6,113,960	**3,670,813**	3,426,990
1,711,056	1,664,727	**8,518**	-
1,718,424	1,720,919	**786,458**	742,141
676,620	630,198	**-**	-
17,423,255	16,477,537	**8,811,745**	7,507,194
6,590,431	7,566,793	**18,403,430**	15,937,000
1,055,731	1,119,682	**632,027**	509,488
1,522,120	1,564,395	**690,356**	597,977
3,555,464	3,286,002	**9,609,879**	8,651,729
1,016,114	786,358	**348,282**	390,628
1,678,724	1,569,917	**9,845,256**	8,504,548
-	-	**4,586,678**	4,655,385
15,418,584	15,893,147	**44,115,908**	39,246,755
7,616,404	7,691,245	**13,553,350**	12,705,275
4,478,968	4,737,027	**3,422,002**	3,335,368
5,661,332	6,164,827	**34,638,880**	30,299,029
4,964,607	5,591,988	**1,932,678**	1,429,555
2,540,777	2,966,536	**8,117,248**	8,701,468
716,332	771,616	**6,415,477**	6,211,731
25,978,420	27,923,239	**68,079,635**	62,682,426
$ 58,820,259	$ 60,293,923	**$ 121,007,288**	$ 109,436,375

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Statement of Operations Information (Hospital Only)

Discounts, Allowances and Contractual Adjustments	Year Ended April 30, **2011**	2010
Contractual adjustments:		
Medicare	**$ 53,269,925**	$ 48,704,780
Medicaid	**25,900,382**	22,093,102
Other	**24,872,310**	24,317,349
	104,042,617	95,115,231
Administrative adjustments, discounts and other	**704,029**	971,990
	$ 104,746,646	$ 96,087,221

Other Operating Revenue (Expense)		
Cafeteria sales	**$ 405,498**	$ 368,317
Medical records	**2,837**	2,789
Pharmacy sales to employees	**12,213**	15,221
Commissions	**674**	621
Self-insurance trust realized investment income	**188,990**	222,372
Rental income	**681,312**	493,182
Bioterrorism grant	**27,460**	20,142
Private service grants	**3,222**	5,184
Other grants	**25,000**	-
Community classes	**52,944**	36,866
Miscellaneous	**182,497**	69,178
	$ 1,582,647	$ 1,233,872

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Statement of Operations Information (Hospital Only)

Operating Expenses, Summary by Departments	Year Ended April 30, 2011 Total	Salaries and Wages	Supplies and Other Expenses
Administrative and general services:			
Administration	$ 3,064,842	$ 732,432	$ 2,332,410
Fiscal services	4,306,960	1,913,766	2,393,194
Plant operation and maintenance	2,376,146	818,855	1,557,291
Housekeeping	1,314,038	726,449	587,589
Laundry and linen	291,473	38,716	252,757
Dietary	2,016,041	790,261	1,225,780
Nursing service administration	1,423,650	1,046,582	377,068
Medical records	1,368,434	712,780	655,654
Social and community service	984,673	390,396	594,277
General and administrative	1,240,138	636,327	603,811
	18,386,395	7,806,564	10,579,831
Routine care services:			
Medical-surgical	3,206,925	2,114,033	1,092,892
Psychiatric care unit	5,268,274	3,825,191	1,443,083
Intensive care unit	990,382	708,242	282,140
Obstetrical	1,450,533	950,506	500,027
Nursery	184,916	121,329	63,587
	11,101,030	7,719,301	3,381,729
Other nursing services:			
Surgical services	5,736,141	1,570,025	4,166,116
Central services and supply	718,435	198,088	520,347
Intravenous therapy	540,937	355,913	185,024
Emergency services	3,036,038	1,371,540	1,664,498
Outpatient services	2,047,965	1,043,953	1,004,012
Home health	2,767,914	1,675,428	1,092,486
	$ 14,847,430	$ 6,214,947	$ 8,632,483

ATTACHMENT #6

	Year Ended April 30, 2010		
	Total	Salaries and Wages	Supplies and Other Expenses
$	2,139,455	$ 671,682	$ 1,467,773
	3,705,412	1,843,719	1,861,693
	2,397,601	716,669	1,680,932
	1,343,862	735,509	608,353
	333,388	38,550	294,838
	2,028,934	790,125	1,238,809
	1,452,095	1,055,798	396,297
	1,442,659	715,555	727,104
	1,036,156	421,674	614,482
	997,380	541,517	455,863
	16,876,942	7,530,798	9,346,144
	3,417,015	2,264,177	1,152,838
	4,988,622	3,562,407	1,426,215
	983,784	687,424	296,360
	1,641,178	1,037,989	603,189
	259,117	178,363	80,754
	11,289,716	7,730,360	3,559,356
	5,458,795	1,576,175	3,882,620
	690,679	192,697	497,982
	556,744	374,923	181,821
	3,228,338	1,432,121	1,796,217
	1,963,773	1,011,637	952,136
	2,617,763	1,556,439	1,061,324
$	14,516,092	$ 6,143,992	$ 8,372,100

(Continued)

Ottawa Regional Hospital & Healthcare Center and Affiliates

Statement of Operations Information (Hospital Only)

Operating Expenses, Summary by Departments (Continued)	Year Ended April 30, 2011 Total	Salaries and Wages	Supplies and Other Expenses
Other professional services:			
Laboratory	$ 2,942,309	$ 877,249	$ 2,065,060
Pharmacy	2,607,687	751,513	1,856,174
Radiology	5,073,241	2,516,936	2,556,305
Respiratory therapy	942,981	568,404	374,577
Physician professional services	2,730,159	1,307,854	1,422,305
Physical, occupational and activity therapy	2,743,011	1,633,631	1,109,380
Bioterrorism	27,460	-	27,460
Quality assurance	813,747	537,221	276,526
Medicaid Hospital Assessment	1,704,677	-	1,704,677
	19,585,272	8,192,808	11,392,464
	63,920,127	$ 29,933,620	$ 33,986,507
Depreciation and amortization	6,421,883		
Interest	318,423		
Provision for bad debts	3,349,236		
	$ 74,009,669		

ATTACHMENT #6

Year Ended April 30, 2010		
Total	Salaries and Wages	Supplies and Other Expenses
$ 3,040,464	$ 914,163	$ 2,126,301
2,825,157	805,647	2,019,510
4,746,066	2,339,577	2,406,489
953,458	541,921	411,537
3,833,329	2,255,440	1,577,889
2,714,608	1,554,474	1,160,134
20,143	-	20,143
769,455	508,934	260,521
1,704,675	-	1,704,675
20,607,355	8,920,156	11,687,199
63,290,105	$ 30,325,306	$ 32,964,799
5,970,624		
147,245		
3,142,753		
$ 72,550,727		

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Balance Sheet Information (Hospital Only)

Cash and Cash Equivalents	April 30, 2011	2010
Cash on hand	**$ 2,700**	$ 2,175
Operating and payroll checking accounts	**1,005,635**	1,273,220
Money market checking accounts	**51,271**	305,105
	$ 1,059,606	$ 1,580,500

Patient Receivables	April 30, 2011 Amount	2011 Percent	2010 Amount	2010 Percent
In-house and discharged				
0-30 days	**$ 9,905,642**	**48.18%**	$ 10,066,451	48.80%
Discharged:				
31-60 days	**1,843,841**	**8.97**	1,654,056	8.02
61-90 days	**1,492,402**	**7.26**	1,596,531	7.74
Over 91 days	**7,317,993**	**35.59**	7,313,026	35.44
	20,559,878	**100.00%**	20,630,064	100.00%
Less estimated third-party contractual adjustments	**7,853,606**		8,082,976	
	12,706,272		12,547,088	
Less allowance for doubtful accounts*	**4,745,000**		4,755,000	
	$ 7,961,272		$ 7,792,088	

* Analysis of allowance for doubtful accounts:	Year Ended April 30, 2011	2010
Balance, beginning	**$ 4,755,000**	$ 5,713,000
Addition to allowance for the year	**3,780,558**	3,602,853
Recoveries of accounts previously written off, net of collection costs	**(344,366)**	(230,050)
	8,191,192	9,085,803
Accounts written off during the year	**(3,446,192)**	(4,330,803)
Balance, ending	**$ 4,745,000**	$ 4,755,000

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Balance Sheet Information (Hospital Only)

Supplies and Materials	April 30, 2011	2010
Central supplies	**$ 144,557**	$ 146,025
Dietary	**31,160**	29,772
Pharmacy	**355,017**	362,071
Operating room	**1,128,005**	1,277,749
	$ 1,658,739	$ 1,815,617

	Assets				
Property and Equipment	Balance April 30, 2010	Acquisitions	Transfers	Retirements	**Balance April 30, 2011**
Land and improvements	$ 3,627,524	$ 202,367	$ -	$ -	**$ 3,829,891**
Building and improvements	64,570,576	728,889	3,521,362	(152,543)	**68,668,284**
Furniture, fixtures and equipment	27,500,359	125,092	5,248,013	(195,173)	**32,678,291**
Construction in progress	7,421,804	7,759,540	(8,769,375)	-	**6,411,969**
	$ 103,120,263	$ 8,815,888	$ -	$ (347,716)	**$ 111,588,435**

ATTACHMENT #6

Estimated Life In Years	Accumulated Depreciation: Balance April 30, 2010	Depreciation	Eliminations	**Balance April 30, 2011**	**Depreciated Cost April 30, 2011**
25	$ 2,023,602	$ 96,223	$ -	**$ 2,119,825**	**$ 1,710,066**
10 - 40	29,481,788	3,076,865	(19,511)	**32,539,142**	**36,129,142**
3 - 20	19,050,602	3,220,022	(308,193)	**21,962,431**	**10,715,860**
	-	-	-	**-**	**6,411,969**
	$ 50,555,992	$ 6,393,110	$ (327,704)	**$ 56,621,398**	**$ 54,967,037**

ATTACHMENT #6

Ottawa Regional Hospital & Healthcare Center and Affiliates

Community Benefits (Unaudited)
Year Ended April 30, 2011

Ottawa Regional Hospital & Healthcare Center and affiliates (ORHHC) provided approximately $16 million in community benefits during the year ended April 30, 2011. Responding to the needs of special populations, such as the elderly, people living in poverty, and those with chronic mental illness, requires a significant and ongoing effort on the part of ORHHC, including staff and volunteers, many of whom donate countless hours of their own personal time to help make a positive difference in the community.

The Hospital's contributions during the year ended April 30, 2011 included charity care; the underpayment for Medicaid patients; the unpaid debt of patients; the cost of subsidizing medical services that bring a financial loss; the cost of training the next generation of doctors, nurses, and other highly-skilled health care professionals, to include scholarships to graduating high school seniors pursuing careers in health care; providing free language assistance; donations of meeting space and volunteer time; and other free programs addressing community health needs.

ORHHC is committed to meeting the needs of every person in the communities it serves, regardless of whether or not they can pay. A $7.8 million shortfall in the cost of treating patients from Medicaid and other government-sponsored programs accounted for nearly half of the Hospital's community benefits. ORHHC has seen an increase in charity care over the past few years. During the year ended April 30, 2011, ORHHC provided over $6 million in free care to the community.

A freestanding facility, the Health Center of Eastern LaSalle County (Health Center), provides free health care services to individuals and families who do not have access to health insurance, do not qualify for state or federal programs, and do not have the financial resources to secure the health care they need. Thirteen of ORHHC's physicians volunteer their services to provide primary health care, and the Health Center does not receive any federal or state funds. Ancillary services, such as lab and x-ray, that are unavailable at the clinic, are provided by the Hospital at no charge.

ORHHC has the only hospital providing mental health services between Naperville, Joliet, Peoria and the Quad Cities. Although several local and regional hospitals ceased to provide behavioral health care due to a lack of profitability, ORHHC expanded its programs and services to meet community needs. While the program continues to operate at a loss (nearly $6 million in fiscal year 2011), ORHHC remains committed to providing this vital service.

Being able to provide meeting room space for community programs and events such as blood drives, health fairs, and Children's Hospital (a program for area first-grade students), has long been a source of pride at ORHHC. The Hospital regularly provides educational and informational programs and makes presentations to community groups and clubs, service organizations, businesses, industries, churches, schools, and the general public on topics such as disease prevention, mental health, nutrition, personal effectiveness, physical fitness and safety. ORHHC also offers free transportation services for patients through its Care-a-Van program, providing in excess of 4,600 rides last year.

Last year, approximately 8,000 community members participated in support groups and classes offered by ORHHC. ORHHC's support groups included adult grief support; Alzheimer's caregivers; bereavement; breast cancer; caregiver; COPD; CPAP; diabetes; early stage dementia; and healthy lifestyles. Among the hospital's many community education classes were cesarean section; childbirth preparation; CPR; diabetes; first aid; focus based exercise; and healthy eating.

Each year, the Ottawa Regional Hospital & Healthcare Center Foundation (Foundation) awards scholarships to graduating seniors from area high schools who are pursuing careers in the healthcare industry. Alongside the Ottawa Regional Hospital & Healthcare Center Auxiliary, another key group comprised entirely of volunteers, the Foundation plays a leading role in the well-being of the communities it serves by financially supporting the Health Center of Eastern LaSalle County and the Family Room program, which allows parents receiving government assistance to earn points for good parenting skills. Points can then be exchanged for infant and household supplies.

ORHHC has provided exceptional health care to the communities it serves for more than 100 years, and has the distinct honor of being fully accredited by the Joint Commission. But it's the care ORHHC and its employees provide that goes beyond the walls of ORHHC's buildings – caring for children in need, caring for those who lack food, homes, insurance, and transportation, and caring for the young people who represent our society's future – that makes our communities great places to live, work, learn and grow. ORHHC employees and volunteers take pride in donating their time and resources in activities such as the Thanksgiving turkey drive, Freezin for a Reason food drive, Labor of Love program, Care-a-Van program and serving on numerous community and not-for-profit boards.

VERIFICATIONS

Attachment #7 includes verification of the items specified in 77 Ill.Adm.Code 1130.520(b) and (c)(5). Please note that there are no outstanding permits.

The verifications included in the attachment are described below:

1) Verification that the categories of service and number of beds as reflected in the Inventory of Health Care Facilities will not substantially change for at least 12 months following the project's completion date.

2) Proof that the applicant is fit, willing, and able and *has the qualifications, background and character to adequately provide a proper standard of health service for the community* [20 ILCS 3960/6] by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.

3) Proof that the applicant has sufficient funds to finance the acquisition and to operate the facility for a period of 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch's, Moody's, or Standard and Poor's rating agencies or evidence of compliance with HFPB financial viability review criteria applicable to the type of facility to be acquired as specified in 77 Ill. Adm. Code 1120.

4) Verification that the applicant intends to maintain ownership and control of the facility for a minimum of three years.

5) Verification that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section.

6) Certification that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide certification that the compliant charity care policy will remain in effect for a two-year period, following the change of ownership transaction.

7) Verification that failure to complete the project in accordance with the applicable provisions of Section 1130.570 no later than 12 months from the date of exemption approval (or by a later date established by HFPB upon a finding that the project has proceeded with due diligence) and failure to comply with the material change requirements of this Section will invalidate the exemption.

Verifications – OSF Healthcare System

1. OSF Healthcare System verifies that the categories of service identified in the Illinois Department of Public Health Inventory of Health care Facilities for Ottawa Regional Hospital & Healthcare Center will not substantially change for at least 12 months following the project's completion date.

2. OSF Healthcare System hereby certifies that there has been no adverse action taken against any healthcare facility owned and operated by it by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois within the past three years.

3. OSF Healthcare System hereby verifies that ownership and control of Ottawa Regional Hospital & Healthcare Center will be maintained by OSF Healthcare System for a minimum of three years following the receipt of the Certificate of Exemption for Change of Ownership.

4. OSF Healthcare System hereby certifies that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of Section 1130.520.

5. OSF Healthcare System hereby certifies that it will not cause Ottawa Regional Hospital& Healthcare Center to adopt a more restrictive charity care policy than the policy in effect one year prior to the transaction. Ottawa Regional Hospital& Healthcare Center will maintain its compliant charity care policy for two years, following the change of ownership transaction.

6. OSF Healthcare System hereby certifies that it understands that failure to complete the change of ownership of Ottawa Regional Hospital& Healthcare Center in accordance with the applicable provision of Section 1130.570 within 12 months from the date of exemption approval and failure to comply with the material change requirements of this Section 1130.520 will invalidate the exemption.

OSF Healthcare System

Signature of Authorized Officer: K. D. Schoeplein

Typed or Printed Name of Authorized Officer: Kevin Schoeplein

Title of Authorized Officer: Chief Executive Officer, OSF Healthcare System

Address: 800 N.E. Glen Oak Avenue

City, State & Zip Code: Peoria, IL 61603

Telephone: 309-655-4982 Date: 1/18/12

ATTACHMENT #7

Verifications – Ottawa Regional Hospital & Healthcare Center

1. Ottawa Regional Hospital & Healthcare Center verifies that the categories of service identified in the Illinois Department of Public Health Inventory of Health care Facilities for Ottawa Regional Hospital & Healthcare Center will not substantially change for at least 12 months following the project's completion date.

2. Ottawa Regional Hospital & Healthcare Center hereby certifies that there has been no adverse action taken against any healthcare facility owned and operated by it by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois within the past three years.

   A notice of deficiency is pending as described in the attached affiliation agreement.

3. Ottawa Regional Hospital & Healthcare Center hereby verifies that ownership and control of Ottawa Regional Hospital & Healthcare Center will be maintained by OSF Healthcare System for a minimum of three years following the receipt of the Certificate of Exemption for Change of Ownership.

4. Ottawa Regional Hospital & Healthcare Center hereby certifies that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of Section 1130.520.

5. Ottawa Regional Hospital & Healthcare Center hereby certifies that it will not adopt a more restrictive charity care policy than the policy in effect one year prior to the transaction. Ottawa Regional Hospital & Healthcare Center will maintain its compliant charity care policy for two years, following the change of ownership transaction.

6. Ottawa Regional Hospital & Healthcare Center hereby certifies that it understands that failure to complete the change of ownership of Ottawa Regional Hospital & Healthcare Center in accordance with the applicable provision of Section 1130.570 within 12 months from the date of exemption approval and failure to comply with the material change requirements of this Section 1130.520 will invalidate the exemption.

Ottawa Regional Hospital & Healthcare Center

Signature of Authorized Officer: Robert Chaffin

Typed or Printed Name of Authorized Officer: Robert Chaffin

Title of Authorized Officer: President and Chief Executive Officer of Ottawa Regional Hospital & Healthcare Center

Address: 1100 E. Norris Drive

City, State & Zip Code: Ottawa, IL 61350

Telephone: 815-431-5456 Date: 1-18-12