

E-022-18
E-023-18
E-024-18

251 East Huron Street
Chicago, Illinois 60611-2908
312.926.2000
northwesternmedicine.org

April 24, 2018

Ms. Kathryn Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – 2nd Floor
Springfield, Illinois 62761

RE: *Applications submittals*
Northwestern Memorial HealthCare and Centegra Health System

Dear Ms. Olson:

Enclosed are the following materials supporting Northwestern Memorial HealthCare's (NMHC) Certificate of Exemption applications for the affiliation of NMHC and Centegra Health System:

- COE Permit Application for Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry (2 unbound copies, including original)
- COE Permit Application for Memorial Medical Center d/b/a Centegra Hospital – Woodstock (2 unbound copies, including original)
- COE Permit Application for Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley (2 unbound copies, including original)
- COE Permit Application Fees - in the amount \$2,500 per application

If you have any questions/comments, please feel to contact me at (312) 926-8650.

Sincerely,



Bridget S. Orth
Director, Regulatory Planning

enclosures

E-022-18

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT- 01/2017 Edition

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

APR 25 2018

This Section must be completed for all projects.

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Facility/Project Identification

Facility Name: Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry		
Street Address: 4201 Medical Center Drive		
City and Zip Code: McHenry, IL 60050		
County: McHenry	Health Service Area 8	Health Planning Area: A-10

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Northwestern Memorial HealthCare	
Street Address: 251 East Huron Street	
City and Zip Code: Chicago, IL 60611	
Name of Registered Agent:	Danae Prousis
Registered Agent Street Address:	211 East Ontario Street, Suite 1800
Registered Agent City and Zip Code:	Chicago, IL 60611
Name of Chief Executive Officer:	Dean M. Harrison
CEO Street Address:	251 East Huron Street
CEO City and Zip Code:	Chicago, IL 60611
CEO Telephone Number:	312-926-3007

Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none"> Corporations and limited liability companies must provide an Illinois certificate of good standing. Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner. 		
<p>APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>		

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street, Suite 1750, Chicago, IL 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-4545

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

Name:	Danae Prousis
Title:	General Counsel
Company Name:	Northwestern Memorial HealthCare

Address:	211 East Ontario Street, Suite 1800, Chicago, IL 60611
Telephone Number:	312-695-6609
E-mail Address:	dprousis@nm.org
Fax Number:	312-926-4545

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR EXEMPTION PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry		
Street Address: 4201 Medical Center Drive		
City and Zip Code: McHenry, IL 60050		
County: McHenry	Health Service Area 8	Health Planning Area: A-10

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Centegra Health System	
Street Address: 385 Millennium Drive	
City and Zip Code: Crystal Lake, IL 60012	
Name of Registered Agent:	Michael S. Eesley
Registered Agent Street Address:	385 Millennium Drive
Registered Agent City and Zip Code:	Crystal Lake, IL 60012
Name of Chief Executive Officer:	Michael S. Eesley
CEO Street Address:	385 Millennium Drive
CEO City and Zip Code:	Crystal Lake, IL 60012
CEO Telephone Number:	815-788-5823

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street, Suite 1750, Chicago, IL 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-4545

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

Name:	Danae Prousis
Title:	General Counsel
Company Name:	Northwestern Memorial HealthCare

Address:	211 East Ontario Street, Suite 1800, Chicago, IL 60611
Telephone Number:	312-695-6609
E-mail Address:	dprousis@nm.org
Fax Number:	312-926-4545

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR EXEMPTION PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry		
Street Address: 4201 Medical Center Drive		
City and Zip Code: McHenry, IL 60050		
County: McHenry	Health Service Area 8	Health Planning Area: A-10

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry	
Street Address: 4201 Medical Center Drive	
City and Zip Code: McHenry, IL 60050	
Name of Registered Agent:	Michael S. Eesley
Registered Agent Street Address:	385 Millennium Drive
Registered Agent City and Zip Code:	Crystal Lake, IL 60012
Name of Chief Executive Officer:	Michael S. Eesley
CEO Street Address:	385 Millennium Drive
CEO City and Zip Code:	Crystal Lake, IL 60012
CEO Telephone Number:	815-788-5823

Type of Ownership of Applicants

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

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

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

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street, Suite 1750, Chicago, IL 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-4545

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

Name:	Danae Prousis
Title:	General Counsel
Company Name:	Northwestern Memorial HealthCare

Address:	211 East Ontario Street, Suite 1800, Chicago, IL 60611
Telephone Number:	312-695-6609
E-mail Address:	dprousis@nm.org
Fax Number:	312-926-4545

Post Exemption Permit Contact

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

Name:	Bridget Orth
Title:	Director, Regulatory Planning
Company Name:	Northwestern Memorial HealthCare
Address:	211 East Ontario Street, Suite 1750, Chicago, IL 60611
Telephone Number:	312-926-8650
E-mail Address:	borth@nm.org
Fax Number:	312-926-4545

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry
Address of Site Owner:	4201 Medical Center Drive, McHenry, IL 60050
Street Address or Legal Description of the Site:	<p>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.</p>
<p>APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>	

Operating Identity/Licensee

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

Exact Legal Name:	Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry		
Address:	4201 Medical Center Drive, McHenry, IL 60050		
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Partnership <input type="checkbox"/> Governmental <input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other	
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 			
<p>APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>			

Organizational Relationships

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

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 ([http:// www.illinois.gov/sites/hfsrb](http://www.illinois.gov/sites/hfsrb)).

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

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

Part 1110 Classification:

- ☒ Change of Ownership
- ☐ Discontinuation of an Existing Health Care Facility or of a category of service
- ☐ Establishment or expansion of a neonatal intensive care or beds

2. Narrative Description

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

Northwestern Memorial HealthCare (NMHC) and Centegra Health System (Centegra) seek approval of this Certificate of Exemption (COE) to allow for the NMHC system to combine with the Centegra system which will result in a single integrated health system operating under the name "Northwestern Medicine" (NM System) that supports NMHC and Centegra's common and unifying vision for value and quality in health care. If approved, the proposed transaction will allow for the creation of a combined health system that would support significant improvements in health care delivery and outcomes and would preserve NMHC and Centegra's investments in the communities served by both health systems. The proposed transaction will create a strong and effective long-term relationship between NMHC and Centegra and will ensure continued achievement of both system's charitable missions.

In the proposed transaction, Northwestern Memorial HealthCare (NMHC) will become the sole corporate member of Centegra Health System (Centegra). As such, NMHC will have the power and authority to govern, direct, and oversee the property, funds, business, and affairs of Centegra. The transaction will constitute an indirect change of control of Centegra's existing health care facilities, and therefore a change of ownership of the licensees (as defined in 77 IAC §1130.140).

This includes the following existing health care facilities (as defined in 77 IAC §1130.140):

Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry
Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley
Memorial Medical Center d/b/a Centegra Hospital – Woodstock

The proposed transaction, in and of itself: (a) will not affect any of the licensees' status as the licensee/operating entity of the existing health care facilities named above; and (b) will not change the legal entity that owns the "bricks and mortar" (buildings) of the existing health care facilities named above. In addition, the transaction will not, in and of itself, effect a transfer, conveyance or change in the ownership of any Centegra joint venture or NMHC joint venture to any other person.

Project Costs and Sources of Funds (Neonatal Intensive Care Services only)

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

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	N/A	N/A	N/A
Contingencies	N/A	N/A	N/A
Architectural/Engineering Fees	N/A	N/A	N/A
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	N/A	N/A	N/A
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	N/A	N/A	N/A
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	N/A	N/A	N/A
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	N/A	N/A	N/A
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	N/A	N/A	N/A
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	N/A	N/A	N/A
TOTAL SOURCES OF FUNDS	N/A	N/A	N/A
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

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

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	N/A	
Fair Market Value: \$	N/A	
The project involves the establishment of a new facility or a new category of service		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>N/A</u>		

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

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

Anticipated project completion date (refer to Part 1130.140): September 1, 2018

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

- ☐ Purchase orders, leases or contracts pertaining to the project have been executed. ☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
- ☐ Financial Commitment will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:

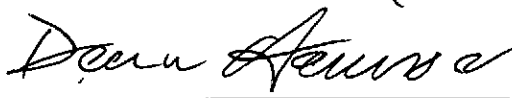
- ☒ Cancer Registry
- ☒ APORS
- ☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
- ☒ All reports regarding outstanding permits
- Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.**

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

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




SIGNATURE

Dean M. Harrison

PRINTED NAME

President and CEO

PRINTED TITLE



SIGNATURE

John A. Orsini

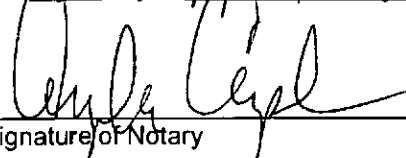
PRINTED NAME

Senior Vice President and CFO

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 23 day of April, 2018

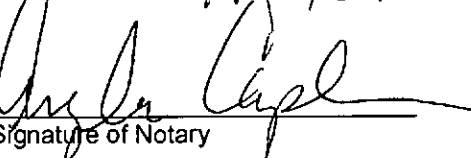


Signature of Notary

Seal

Notarization:

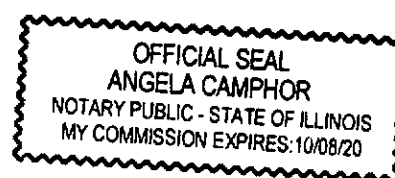
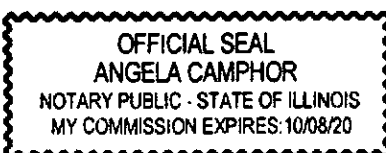
Subscribed and sworn to before me
this 23 day of April, 2018



Signature of Notary

Seal

*Insert the EXACT legal name of the applicant




CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

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



SIGNATURE

Michael S. Eesley

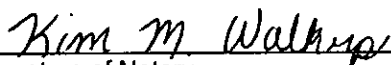
PRINTED NAME

Chief Executive Officer

PRINTED TITLE

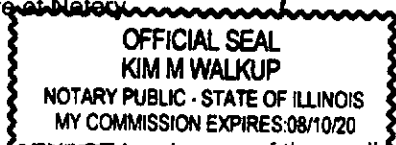
Notarization:

Subscribed and sworn to before me
this 13th day of April, 2018



Signature of Notary

Seal



*Insert the EXACT legal name of the applicant



SIGNATURE

Aaron T. Shepley

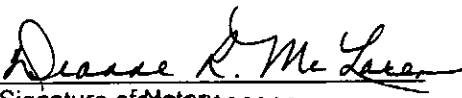
PRINTED NAME

President, Insurance Svcs & General Counsel

PRINTED TITLE

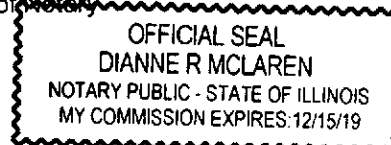
Notarization:

Subscribed and sworn to before me
this 13th day of April, 2018



Signature of Notary

Seal



CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

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

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

SIGNATURE

Michael S. Eesley
PRINTED NAME

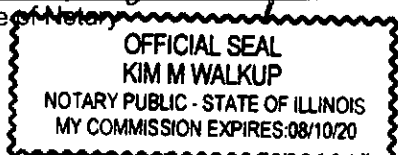
Chief Executive Officer
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 13th day of April, 2018

Signature of Notary

Seal



*Insert the EXACT legal name of the applicant

SIGNATURE

Aaron T. Shepley
PRINTED NAME

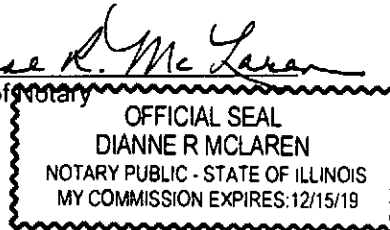
President, Insurance Svcs & General Counsel
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 13th day of April, 2018

Signature of Notary

Seal



**SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES
- INFORMATION REQUIREMENTS**

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

Background

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

Criterion 1110.230 – Purpose of the Project, and Alternatives (Not applicable to Change of Ownership)**PURPOSE OF PROJECT**

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

achieving the stated goals **as appropriate**.

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

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

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

ALTERNATIVES

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

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
- B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
- C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- D) Provide the reasons why the chosen alternative was selected.

- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

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

SECTION V. CHANGE OF OWNERSHIP (CHOW)**1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility**

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community 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.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation 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	X
1130.520(b)(2) - If the ownership change is for a hospital, affirmation 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 affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X
1130.520(b)(2) - A statement as to the anticipated benefits of	X

the proposed changes in ownership to the community	
1130.520(b)(2) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(2) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(2) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(2) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility	X
1130.520(b)(2)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

Application for Change of Ownership Among Related Persons

When a change of ownership is among related persons, and there are no other changes being proposed at the health care facility that would otherwise require a permit or exemption under the Act, the applicant shall submit an application consisting of a standard notice in a form set forth by the Board briefly explaining the reasons for the proposed change of ownership. [20 ILCS 3960/8.5(a)]

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

SECTION VII. 1120.130 - FINANCIAL VIABILITY

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:	N/A	N/A	N/A	N/A
Current Ratio	N/A	N/A	N/A	N/A
Net Margin Percentage	N/A	N/A	N/A	N/A
Percent Debt to Total Capitalization	N/A	N/A	N/A	N/A
Projected Debt Service Coverage	N/A	N/A	N/A	N/A
Days Cash on Hand	N/A	N/A	N/A	N/A
Cushion Ratio	N/A	N/A	N/A	N/A

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

2. Variance

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

obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 18, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. 1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements

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

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

B. Conditions of Debt Financing

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

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

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

APPEND DOCUMENTATION AS ATTACHMENT 19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. SAFETY NET IMPACT STATEMENT (DISCONTINUATION ONLY)

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

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

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

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 40.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. CHARITY CARE INFORMATION (CHOW ONLY)

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

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

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

A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS **ATTACHMENT 21**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	25-27
2	Site Ownership	28-50
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	N/A
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	51-53
5	Flood Plain Requirements	N/A
6	Historic Preservation Act Requirements	N/A
7	Project and Sources of Funds Itemization	N/A
8	Financial Commitment Document if required	N/A
9	Cost Space Requirements	N/A
10	Discontinuation	N/A
11	Background of the Applicant	54-55
12	Purpose of the Project	N/A
13	Alternatives to the Project	N/A
	Service Specific:	
14	Neonatal Intensive Care Services	N/A
15	Change of Ownership	56-60
	Financial and Economic Feasibility:	
16	Availability of Funds	N/A
17	Financial Waiver	61-78
18	Financial Viability	N/A
19	Economic Feasibility	N/A
20	Safety Net Impact Statement	N/A
21	Charity Care Information	79



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

NORTHWESTERN MEMORIAL HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 30, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 10TH
day of APRIL A.D. 2018 .***

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

CENTEGRA HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 01, 1982, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 10TH
day of APRIL A.D. 2018 .***

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

NORTHERN ILLINOIS MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 16, 1956, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 10TH day of APRIL A.D. 2018 .

Jesse White

SECRETARY OF STATE



Ticor Title Insurance Company

Commitment for Title Insurance

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

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

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

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

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



TICOR TITLE INSURANCE COMPANY

By

Authorized Signatory

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE A

YOUR REFERENCE: UNKNOWN

ORDER NO.: 2000 000690924 SM

EFFECTIVE DATE: JULY 1, 2008

PREPARED FOR:

BELL, BOYD & LLOYD/ATTY-CHICAGO
70 WEST MADISON STREET, SUITE 3200
CHICAGO, ILLINOIS 60602-4207
PHONE: (312) 807-4207
FAX:

1. POLICY OR POLICIES TO BE ISSUED:

LOAN POLICY: ALTA LOAN 2006
AMOUNT: \$1,000,000.00
PROPOSED INSURED: BANK OF NEW YORK MELLON TRUST COMPANY, ITS SUCCESSORS AND/OR
ASSIGNS, AS THEIR INTERESTS MAY APPEAR

2. THE ESTATE OR INTEREST IN THE LAND DESCRIBED OR REFERRED TO IN THIS COMMITMENT IS
FEE SIMPLE, UNLESS OTHERWISE NOTED.

3. TITLE TO THE ESTATE OR INTEREST IN THE LAND IS AT THE EFFECTIVE DATE VESTED IN:
NORTHERN ILLINOIS MEDICAL CENTER, A NOT-FOR-PROFIT CORPORATION, AS TO PARCELS ONE,
TWO, THREE, FOUR AND FIVE;
MEMORIAL MEDICAL CENTER-WOODSTOCK, A NOT-FOR-PROFIT CORPORATION, AS TO PARCELS SIX,
SEVEN, EIGHT, NINE, TEN, ELEVEN AND TWELVE.

4. MORTGAGE OR TRUST DEED TO BE INSURED:
TO COME.

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE

ORDER NO.: 2000 000690924 SM

SCHEDULE A (CONTINUED)

YOUR REFERENCE: UNKNOWN

EFFECTIVE DATE: July 1, 2008

5. THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS :
PARCEL 1:

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 3 AND THE SOUTHWEST QUARTER OF SECTION 2, ALL IN TOWNSHIP 44 NORTH RANGE 8, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 3 (THE NORTH LINE OF THE SOUTHEAST QUARTER OF SECTION 3 HAVING AN ASSUMED BEARING OF SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST FOR THIS LEGAL DESCRIPTION); THENCE SOUTH 00 DEGREES 44 MINUTES 48 SECONDS WEST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, 937.11 FEET TO A POINT OF BEGINNING; THENCE SOUTH 70 DEGREES 48 MINUTES 48 SECONDS EAST, 60.09 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG A CURVED LINE CONVEX EASTERLY, HAVING A RADIUS OF 25.00 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AS SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 39.27 FEET TO A POINT OF TANGENCY WITH A LINE 451.00 FEET; AS MEASURED AT RIGHT ANGLES, NORTHWESTERLY OF AND PARALLEL WITH THE CENTER LINE OF STATE ROUTE 31 PER INSTRUMENT RECORDED OCTOBER 7, 1927, IN BOOK 12 OF MISCELLANEOUS RECORDS, PAGE 167 (THE CHORD OF SAID LAST DESCRIBED ARC BEARS SOUTH 25 DEGREES 48 MINUTES 48 SECONDS EAST, 35.36 FEET); THENCE SOUTH 19 DEGREES 11 MINUTES 12 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL TO A LINE, 455.19 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 24.35 FEET TO A LINE 443.00 FEET, AS MEASURED AT RIGHT ANGLES, NORTHWESTERLY OF AND PARALLEL WITH SAID CENTER LINE OF STATE ROUTE 31; THENCE SOUTH 19 DEGREES 11 MINUTES 12 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 71.95 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY, HAVING A RADIUS OF 120.00 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 104.24 FEET TO A LINE 1583.37 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3 (THE CHORD OF SAID LAST DESCRIBED ARC BEARS SOUTH 44 DEGREES 04 MINUTES 26 SECONDS WEST, 100.99 FEET); THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 590.74 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 247.53 FEET TO AN INTERSECTION WITH A LINE 1335.84 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST ALONG SAID LAST DESCRIBED PARALLEL LINE, 60.00 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 205.00 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 25.00 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 297.00 FEET TO A POINT 739.30 FEET WEST AND 833.84 FEET SOUTH OF THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 3, AS MEASURED ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER AND ALONG A LINE AT RIGHT ANGLES THERETO; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, 283.00 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG A CURVED LINE CONVEX NORTHERLY, HAVING A RADIUS OF 872.94 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AS SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 292.32 FEET TO A POINT OF TANGENCY (THE CHORD OF SAID ARC BEARS SOUTH 80 DEGREES 24 MINUTES 24 SECONDS EAST, 290.96 FEET); THENCE SOUTH 70 DEGREES 48 MINUTES 48 SECONDS EAST ALONG A LINE TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT, 166.44 FEET TO THE POINT OF BEGINNING, IN MCHENRY COUNTY, ILLINOIS.

CONTINUED ON NEXT PAGE

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

ORDER NO.: 2000 000690924 SM

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

PARCEL 2:

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 3 AND THE SOUTHWEST QUARTER OF SECTION 2, ALL IN TOWNSHIP 44 NORTH, RANGE 8 EAST OF THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, BEING ALSO THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE NORTHERLY LINE OF MEDICAL CENTER DRIVE AS DEDICATED PER PLAT RECORDED MARCH 20, 1984 AS DOCUMENT 877386; THENCE NORTH 70 DEGREES 48 MINUTES 48 SECONDS WEST ALONG SAID NORTHERLY LINE OF MEDICAL CENTER DRIVE, 143.78 FEET TO A POINT OF CURVATURE IN SAID LINE; THENCE NORTHWESTERLY ALONG THE NORTHERLY LINE OF SAID MEDICAL CENTER DRIVE, BEING A CURVE LINE CONVEX NORTHEASTERLY, HAVING A RADIUS OF 940.94 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 246.18 FEET (THE CHORD OF SAID ARC BEARS NORTH 78 DEGREES 18 MINUTES 30 SECONDS WEST, 245.48 FEET); THENCE NORTH 11 DEGREES 15 MINUTES 42 SECONDS EAST, 158.03 FEET TO A LINE 157.00 FEET, AS MEASURED RADIIALLY, NORTHERLY OF AND CONCENTRIC WITH THE NORTHERLY LINE OF SAID MEDICAL CENTER DRIVE, THENCE SOUTHEASTERLY ALONG SAID LAST DESCRIBED CONCENTRIC LINE, BEING A CURVED LINE CONVEX NORTHEASTERLY AND HAVING A RADIUS OF 1097.94 FEET, AN ARC DISTANCE OF 267.82 FEET TO A POINT OF TANGENCY (THE CHORD OF SAID ARC BEARS SOUTH 77 DEGREES 48 MINUTES 05 SECONDS EAST, 267.15 FEET); THENCE SOUTH 70 DEGREES 48 MINUTES 48 SECONDS EAST ALONG A LINE 157.00 FEET, AS MEASURED AT RIGHT ANGLES, NORTHEASTERLY OF AND PARALLEL WITH THE NORTHERLY LINE OF SAID MEDICAL CENTER DRIVE, 311.89 FEET; THENCE SOUTH 19 DEGREES 04 MINUTES 14 SECONDS WEST, 175.00 FEET TO THE NORTH LINE OF SAID MEDICAL CENTER DRIVE; THENCE NORTH 70 DEGREES 48 MINUTES 48 SECONDS WEST ALONG THE NORTH LINE OF SAID MEDICAL CENTER DRIVE, 168.43 FEET TO THE POINT OF BEGINNING, IN MCHENRY COUNTY, ILLINOIS.

PARCEL 3:

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 3 AND THE SOUTHWEST QUARTER OF SECTION 2, ALL IN TOWNSHIP 44 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 3 (THE NORTH LINE OF THE SOUTHEAST QUARTER OF SECTION 3 HAVING A ASSUMED BEARING OF SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST FOR THIS LEGAL DESCRIPTION); THENCE SOUTH 00 DEGREES 44 MINUTES 48 SECONDS WEST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, 937.11 FEET TO A POINT OF BEGINNING; THENCE SOUTH 70 DEGREES 48 MINUTES 48 SECONDS EAST, 60.09 FEET TO A POINT OF CURVATURE, THENCE SOUTHERLY ALONG A CURVED LINE CONVEX EASTERLY, HAVING A RADIUS OF 25.00 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AS SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 39.27 FEET TO A POINT OF TANGENCY WITH A LINE 451.00 FEET, AS MEASURED AT RIGHT ANGLES, NORTHWESTERLY OF AND PARALLEL WITH THE CENTER LINE OF STATE ROUTE 31 PER INSTRUMENT RECORDED OCTOBER 7, 1927, IN BOOK 12 OF MISCELLANEOUS RECORDS, PAGE 167 (THE CHORD OF SAID LAST DESCRIBED ARC BEARS SOUTH 25 DEGREES 48 MINUTES 48 SECONDS EAST, 35.36 FEET); THENCE SOUTH 19 DEGREES 11 MINUTES 12 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 455.19 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 24.35 FEET TO A LINE 433.00 FEET, AS MEASURED AT RIGHT ANGLES, NORTHWESTERLY OF AND PARALLEL WITH SAID CENTER LINE OF STATE ROUTE 31; THENCE NORTH 19 DEGREES 11 MINUTES 12 SECONDS EAST ALONG

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

ORDER NO.: 2000 000690924 SM

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

SAID LAST DESCRIBED PARALLEL LINE, 478.18 FEET TO A POINT OF CURVATURE; THENCE NORTHERLY ALONG A CURVED LINE CONVEX EASTERLY, HAVING A RADIUS OF 33.00 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT AN ARC DISTANCE OF 51.84 FEET TO A POINT TANGENCY WITH THE SOUTHERLY LINE OF MEDICAL CENTER DRIVE ACCORDING TO THE PLAT OF DEDICATION RECORDED MARCH 20, 1984 AS DOCUMENT 877386 (THE CHORD OF SAID LAST DESCRIBED ARC BEARS NORTH 25 DEGREES 48 MINUTES 48 SECONDS WEST, 46.67 FEET); THE FOLLOWING 3 COURSES ARE ALONG THE SOUTHERLY LINE OF SAID MEDICAL CENTER DRIVE; THENCE NORTH 70 DEGREES 48 MINUTES 48 SECONDS WEST, 226.53 FEET TO A POINT OF CURVATURE IN SAID LINE; THENCE WESTERLY ALONG A CURVED LINE CONVEX NORTHERLY, HAVING A RADIUS OF 880.94 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AND ARC DISTANCE OF 295.00 FEET TO A POINT OF TANGENCY IN SAID LINE (THE CHORD OF SAID ARC BEARS NORTH 80 DEGREES 24 MINUTES 24 SECONDS WEST, 293.63 FEET); THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 283.00 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 8.00 FEET TO A POINT 739.30 FEET WEST AND 833.84 FEET SOUTH OF THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 3, AS MEASURED ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER AND ALONG A LINE AT RIGHT ANGLES THERETO; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS WEST PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, 283.00 FEET TO A POINT OF CURVATURE; THENCE EASTERLY ALONG A CURVED LINE CONVEX NORTHERLY, HAVING A RADIUS OF 872.94 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AS SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 292.32 FEET TO A POINT OF TANGENCY (THE CHORD OF SAID ARC BEARS SOUTH 80 DEGREES 24 MINUTES 24 SECONDS EAST 290.96 FEET); THENCE SOUTH 70 DEGREES 48 MINUTES 48 SECONDS EAST ALONG A LINE TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT, 166.44 FEET TO THE POINT OF BEGINNING, IN MCHENRY COUNTY, ILLINOIS.

PARCEL 4:

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 44 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 3, (THE NORTH LINE OF THE SOUTHEAST QUARTER OF SECTION 3 HAVING AN ASSUMED BEARING OF SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST FOR THIS LEGAL DESCRIPTION); THENCE SOUTH 00 DEGREES 44 MINUTES 48 SECONDS WEST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, 937.11 FEET; THENCE SOUTH 70 DEGREES 48 MINUTES 48 SECONDS EAST, 60.09 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY ALONG A CURVED LINE CONVEX EASTERLY, HAVING A RADIUS OF 25.00 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 39.27 FEET TO A POINT TANGENCY WITH A LINE 451.00 FEET, AS MEASURED AT RIGHT ANGLES, NORTHWESTERLY OF AND PARALLEL WITH THE CENTER LINE OF STATE ROUTE 31 PER INSTRUMENT RECORDED OCTOBER 7, 1927, IN BOOK 12 OF MISCELLANEOUS RECORDS, PAGE 167 (THE CHORD OF SAID LAST DESCRIBED ARC BEARS SOUTH 25 DEGREES 48 MINUTES 48 SECONDS EAST, 36.36 FEET); THENCE SOUTH 19 DEGREES 11 MINUTES 12 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 455.19 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 164.86 FEET TO A LINE 1583.37 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION, 3; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE 93.90 FEET TO A POINT OF BEGINNING; THENCE CONTINUING SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL

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

ORDER NO.: 2000 000690924 SM

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

LINE, 590.74 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 8.00 FEET TO A LINE 1591.37 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST ALONG SAID LAST DESCRIBED PARALLEL LINE, 547.65 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY, HAVING A RADIUS OF 120.00 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AS SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 44.07 FEET TO THE POINT OF BEGINNING (THE CHORD OF SAID ARC BEARS NORTH 79 DEGREES 28 MINUTES 43 SECONDS EAST, 43.82 FEET), IN MCHENRY COUNTY, ILLINOIS.

PARCEL 5:

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 44 NORTH, RANGE 8, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 3, THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST (BEING AN ASSUMED BEARING FOR THIS LEGAL DESCRIPTION) ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, 433.82 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST AT RIGHT ANGLES TO SAID LAST DESCRIBED LINE, 1651.37 FEET TO A POINT OF BEGINNING; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 207.18 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY, HAVING A RADIUS OF 180.00 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 120.02 FEET (THE CHORD OF SAID ARC BEARS NORTH 70 DEGREES 53 MINUTES 51 SECONDS EAST, 117.81 FEET); THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 254.02 FEET TO THE SOUTH LINE OF THE NORTH 1667 FEET, AS MEASURED ALONG THE EAST LINE THEREOF, OF THE SOUTHEAST QUARTER OF SECTION 3, AFORESAID; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG SAID LAST DESCRIBED SOUTH LINE, 223.50 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, 151.50 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 95.00 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST 63.97 FEET TO THE POINT OF BEGINNING, IN MCHENRY COUNTY, ILLINOIS.

PARCEL SIX:

THAT PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST AND PART OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER AND PART OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER ALL IN SECTION 22 TOWNSHIP 44 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN BEING DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 22; THENCE SOUTH 00 DEGREES 14 MINUTES 59 SECONDS WEST (ASSUMED BEARING) ALONG THE WEST LINE THEREOF, 66.00 FEET; THENCE SOUTH 89 DEGREES 39 MINUTES 08 SECONDS EAST ALONG A LINE PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 22, A DISTANCE OF 811.40 FEET TO THE CENTER LINE OF U.S. ROUTE 14; THENCE SOUTH 40 DEGREES 00 MINUTES 33 SECONDS EAST, ALONG SAID CENTER LINE, 77.10 FEET; THENCE SOUTHEASTERLY CONTINUING ALONG SAID CENTER LINE 900.00 FEET ALONG A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 8594.40 FEET, THE CHORD OF SAID CURVE BEARS SOUTH 43 DEGREES 00 MINUTES 32 SECONDS EAST, 899.59 FEET TO A POINT OF COMPOUND CURVATURE; THENCE SOUTHEASTERLY 545.70 FEET ALONG SAID CENTER LINE AND SAID COMPOUND CURVE TO THE LEFT, HAVING A RADIUS OF 1014.50 FEET, THE CHORD OF SAID CURVE BEARS SOUTH 61 DEGREES 25 MINUTES 07 SECONDS EAST,

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

ORDER NO.: 2000 000690924 SM

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

539.14 FEET; THENCE SOUTH 76 DEGREES 49 MINUTES 42 SECONDS EAST ALONG SAID CENTER-LINE, 76.73 FEET TO A LINE 708.47 FEET EAST OF (AS MEASURED AT RIGHT ANGLES) AND PARALLEL WITH THE WEST LINE OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22 AND THE POINT OF BEGINNING; THENCE SOUTH 76 DEGREES 49 SECONDS 42 SECONDS EAST CONTINUING ALONG SAID CENTER LINE, 628.08 FEET TO THE EAST LINE OF THE SOUTHWEST QUARTER OR THE NORTHEAST QUARTER OF SAID SECTION 22; THENCE SOUTH 00 DEGREES 06 MINUTES 33 SECONDS WEST ALONG SAID EAST LINE, 30.80 FEET, THENCE NORTH 76 DEGREES 49 MINUTES 42 SECONDS WEST, 40.99 FEET TO THE WEST LINE OF DOTY-ROAD AS DEDICATED TO THE CITY OF WOODSTOCK AND RECORDED AUGUST 17, 1994 AS DOCUMENT NO. 94R048603; THENCE SOUTH 00 DEGREES 08 MINUTES 50 SECONDS WEST ALONG THE WEST LINE OF DOTY ROAD PER SAID DOCUMENT NO. 94R048603, A DISTANCE OF 958.32 FEET TO THE NORTH LINE OF MEMORIAL DRIVE AS DEDICATED PER SAID DOCUMENT NO. 94R048603; THENCE NORTH 89 DEGREES 51 MINUTES 10 SECONDS WEST ALONG SAID NORTH LINE OF MEMORIAL DRIVE, 866.24 FEET (RECORD 866.39 FEET); THENCE WESTERLY 49.52 FEET CONTINUING ALONG SAID NORTH LINE OF MEMORIAL DRIVE, BEING A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 480.00 FEET, THE CHORD OF SAID CURVE BEARS NORTH 86 DEGREES 52 MINUTES 46 SECONDS WEST, 49.80 FEET TO THE NORTHWEST CORNER OF SAID DRIVE; THENCE WESTERLY, NORTHWESTERLY AND NORTHERLY 704.73 FEET, CONTINUING ALONG SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 480.00 FEET, THE CHORD OF SAID CURVE BEARS NORTH 41 DEGREES 50 MINUTES 44 SECONDS WEST, 643.12 FEET TO A POINT OF REVERSE CURVATURE; THENCE NORTHERLY 79.99 FEET ALONG SAID REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 756.93 FEET, THE CHORD OF SAID CURVE BEARS NORTH 02 DEGREES 48 MINUTES 45 SECONDS WEST, 79.95 FEET TO A LINE 300.00 FEET SOUTH OF (AS MEASURED AT RIGHT ANGLES) AND PARALLEL WITH THE NORTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE NORTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 22; THENCE SOUTH 89 DEGREES 40 MINUTES 08 SECONDS ALONG SAID PARALLEL LINE, 778.07 FEET TO A LINE 708.47 FEET EAST OF (AS MEASURED AT RIGHT ANGLES) AND PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE WEST LINE OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22; THENCE NORTH 00 DEGREES 10 MINUTES 42 SECONDS EAST ALONG SAID PARALLEL LINE, 563.51 FEET TO THE POINT OF BEGINNING, ALL IN MCHENRY COUNTY, ILLINOIS.

PARCEL SEVEN:

THE EAST 39.00 FEET (AS MEASURED AT RIGHT ANGLES) OF THE FOLLOWING-DESCRIBED PROPERTY HEREINAFTER BEING REFERRED TO AS THE "UNDERLYING PROPERTY": THE EAST 314.02 FEET (AS MEASURED AT RIGHT ANGLES) OF THE WEST 708.47 FEET (AS MEASURED AT RIGHT ANGLES) OF THE NORTH 300.00 FEET (AS MEASURED AT RIGHT ANGLES) OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 7, EAST OF THE THIRD PRINCIPAL MERIDIAN; TOGETHER WITH THE EAST 314.02 FEET (AS MEASURED AT RIGHT ANGLES) OF THE WEST 708.47 FEET (AS MEASURED AT RIGHT ANGLES) OF THAT OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER LYING SOUTH OF THE CENTER LINE OF U.S. ROUTE 14 IN SECTION 22, TOWNSHIP 44 NORTH, RANGE 7, EAST OF THE THIRD PRINCIPAL MERIDIAN, MCHENRY COUNTY, ILLINOIS.

PARCEL EIGHT:

COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 22; THENCE SOUTH 00 DEGREES 14 MINUTES 59 SECONDS WEST

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

ORDER NO.: 2000 000690924 SM

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

(ASSUMED BEARING) ALONG THE WEST LINE THEREOF, 66.00 FEET; THENCE SOUTH 89 DEGREES 39 MINUTES 08 SECONDS EAST ALONG A LINE PARALLEL WITH THE NORTH LINE, OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 22, A DISTANCE OF 811.40 FEET TO THE CENTER LINE OF U.S. ROUTE 14; THENCE SOUTH 40 DEGREES 00 MINUTES 32 SECONDS EAST, ALONG SAID CENTER LINE, 77.10 FEET; THENCE SOUTHEASTERLY CONTINUING ALONG SAID CENTER LINE, 900.00 FEET ALONG A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 8594.40 FEET, THE CHORD OF SAID CURVE BEARS SOUTH 43 DEGREES 00 MINUTES 32 SECONDS EAST, 899.59 FEET TO A POINT OF COMPOUND CURVATURE; THENCE SOUTHEASTERLY 290.06 FEET ALONG SAID CENTERLINE AND SAID COMPOUND CURVE TO THE LEFT, HAVING A RADIUS OF 1014.50 FEET, THE CHORD OF SAID CURVE BEARS SOUTH 54 DEGREES 11 MINUTES 59 SECONDS EAST, 289.08 FEET TO A LINE 394.45 FEET EAST OF (AS, MEASURED AT RIGHT ANGLES) AND PARALLEL WITH THE WEST LINE OF THE NORTHEAST QUARTER AND THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 22; THENCE SOUTH 00 DEGREES 10 MINUTES 42 SECONDS WEST ALONG SAID PARALLEL LINE, 668.01 FEET TO A LINE 300.00 FEET SOUTH OF (AS MEASURED AT RIGHT ANGLES) AND PARALLEL WITH THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 22, ALSO BEING THE POINT OF BEGINNING; THENCE NORTH 89 DEGREES 40 MINUTES 08 SECONDS WEST, 157.00 FEET; THENCE NORTH 00 DEGREES 10 MINUTES 42 SECONDS EAST, 130.85 FEET; THENCE SOUTH 89 DEGREES 40 MINUTES 08 SECONDS EAST, 157.00 FEET; THENCE SOUTH 00 DEGREES 10 MINUTES 42 SECONDS WEST, 130.85 FEET TO THE POINT OF BEGINNING, ALL IN MCHENRY COUNTY, ILLINOIS.

PARCEL NINE:

THE EAST 39.00 FEET (AS MEASURED AT RIGHT ANGLES) OF THE FOLLOWING DESCRIBED PROPERTY HEREINAFTER BEING REFERRED TO AS THE "UNDERLYING PROPERTY": EAST 314.02 FEET (AS MEASURED AT RIGHT ANGLES) OF THE WEST 708.47 FEET (AS MEASURED AT RIGHT ANGLES) OF THE NORTH 300.00 FEET (AS MEASURED AT RIGHT ANGLES) OF NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 7, EAST OF THE THIRD PRINCIPAL MERIDIAN; TOGETHER WITH THE EAST 314.02 FEET (AS MEASURED AT RIGHT ANGLES) OF THE WEST 708.47 FEET (AS MEASURED AT RIGHT ANGLES) OF THAT PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER LYING SOUTH OF THE CENTER LINE OF U.S. ROUTE 14 IN SECTION 22, TOWNSHIP 44 NORTH, RANGE 7, EAST OF THE THIRD PRINCIPAL MERIDIAN, MCHENRY COUNTY, ILLINOIS.

PARCEL TEN:

THAT PART OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 44 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN- DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF THE SAID NORTHEAST QUARTER; THENCE NORTH 89 DEGREES 17 MINUTES 45 SECONDS WEST ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, 895.40 FEET; THENCE SOUTH 0 DEGREES 38 MINUTES 48 SECONDS EAST, 33.93 FEET TO THE PLACE OF BEGINNING, BEING ALSO THE NORTHEAST CORNER OF LANDS DESCRIBED IN BOOK 150 OF DEEDS, PAGE 409; THENCE NORTH 89 DEGREES 12 MINUTES 26 SECONDS EAST, 100.00 FEET; THENCE NORTH 0 DEGREES 38 MINUTES 47 SECONDS WEST, 33.78 FEET TO THE NORTH LINE OF SAID NORTHEAST QUARTER; THENCE SOUTH 89 DEGREES 17 MINUTES 45 SECONDS EAST ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, 137.76 FEET; THENCE SOUTH 0 DEGREES 45 MINUTES 05 SECONDS EAST ALONG A LINE PARALLEL WITH THE EAST LINE OF SAID NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, 33.56 FEET; THENCE CONTINUING SOUTH 0 DEGREES 45

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

ORDER NO.: 2000 000690924 SM

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

MINUTES 05 SECONDS EAST, 339.89 FEET; THENCE SOUTH 89 DEGREES 42 MINUTES 20 SECONDS WEST, 238.44 FEET ALONG THE NORTH LINE OF LANDS DESCRIBED IN BOOK 155 OF DEEDS, PAGE 582, TO THE EAST LINE OF LOT 9 IN WESTMAN'S ADDITION TO THE CITY OF WOODSTOCK BEING A SUBDIVISION OF PART OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 44 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF, RECORDED DECEMBER 14, 1949 AS DOCUMENT NO. 226517 IN BOOK 10 OF PLATS, PAGE 122, IN MCHENRY COUNTY, ILLINOIS; THENCE SOUTH 0 DEGREES 38 MINUTES 48 SECONDS EAST ALONG THE EAST LINE OF SAID WESTMAN'S ADDITION BEING ALSO THE WESTERLY LINE OF LANDS DESCRIBED IN BOOK 155 OF DEEDS, PAGE 582, 68.95 FEET TO THE SOUTHEAST CORNER OF LOT 20 OF SAID WESTMAN'S ADDITION; THENCE SOUTH 89 DEGREES 42 MINUTES 11 SECONDS WEST ALONG THE SOUTH LINE OF SAID LOT 10, 120.14 FEET TO THE SOUTHWEST CORNER OF SAID LOT 10, SAID POINT BEING ALSO ON THE EAST RIGHT-OF-WAY LINE OF BLAKELY AVENUE; THENCE 582, 68.95 FEET TO THE SOUTHEAST CORNER OF LOT 20 OF SAID WESTMAN'S ADDITION; THENCE SOUTH 89 DEGREES 42 MINUTES 11 SECONDS WEST ALONG THE SOUTH LINE OF SAID LOT 10, 120.14 FEET TO THE SOUTHWEST CORNER OF SAID LOT 10, SAID POINT BEING ALSO ON THE EAST RIGHT-OF-WAY LINE OF BLAKELY AVENUE; THENCE NORTH 0 DEGREES 39 MINUTES 46 SECONDS WEST ALONG SAID EAST RIGHT-OF-WAY LINE, 405.47 FEET; THENCE NORTH 89 DEGREES 12 MINUTES 26 SECONDS EAST, FOR A DISTANCE OF 120.25 FEET ALONG THE NORTH LINE OF LANDS DESCRIBED IN BOOK 150 OF DEEDS, PAGE 409, TO THE PLACE OF BEGINNING, IN MCHENRY COUNTY, ILLINOIS.

PARCEL ELEVEN:

PART OF LOT 125 OF THE ASSESSOR'S PLAT OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 44 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF SAID LOT, 2 RODS WEST FROM THE SOUTHEAST CORNER THEREOF (SAID POINT BEING 34 RODS WEST OF THE EAST LINE OF SAID SECTION); AND RUNNING THENCE WEST ALONG SAID SOUTH LINE, 7 RODS; THENCE NORTH PARALLEL WITH THE EAST LINE OF SAID LOT, 18 RODS TO THE NORTH LINE OF SAID LOT; THENCE EAST ALONG SAID NORTH LINE, 7 RODS; THENCE SOUTH 18 RODS TO THE PLACE OF BEGINNING, AND THE WEST 7 RODS IN WIDTH OF LOT 125 OF THE ASSESSOR'S PLAT OF SECTION 6 (AND OTHER SECTIONS) IN TOWNSHIP 44 NORTH, RANGE 7, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 13, 1862 IN BOOK 1 OF PLATS, PAGE 1, AND RE-RECORDED IN BOOK 3 OF PLATS, PAGE 17, DESCRIBED AS FOLLOWS: BEGINNING AT A POST ON THE SECTION LINE, 41 RODS WEST OF THE SOUTHEAST CORNER OF SAID SECTION 6 AND RUNNING THENCE NORTH ON A LINE PARALLEL WITH THE WEST LINE OF SAID LOT 125, 330 FEET TO THE NORTH LINE OF SAID LOT; THENCE WEST ON THE NORTH LINE OF SAID LOT, 7 RODS TO THE NORTHWEST CORNER OF SAID LOT; THENCE SOUTH ON WEST LINE OF SAID LOT, 330 FEET TO THE SOUTH LINE OF SAID LOT; THENCE EAST ON THE SOUTH LINE OF SAID LOT AND ON THE SECTION LINE, 7 RODS TO THE PLACE OF BEGINNING; SAID LOT BEING A PART OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 6; AND ALSO PART OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 44 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION, 32 RODS EAST OF THE SOUTHWEST CORNER OF SAID SOUTH HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER AND IN THE CENTER OF THE HIGHWAY, AND RUNNING THENCE WEST ALONG THE SECTION LINE, 60 FEET; THENCE NORTH PARALLEL WITH THE 40 LINE, 20 1/2 RODS; THENCE EAST PARALLEL WITH SAID SECTION LINE, 60 FEET; THENCE SOUTH 20 1/2 RODS TO THE POINT OF BEGINNING,

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

ORDER NO.: 2000 000690924 SM

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

(EXCEPTING THEREFROM THAT PART DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION, 32 RODS (524.64 FEET AS MEASURED) EAST OF THE SOUTHWEST CORNER OF SAID SOUTH HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER AND IN THE CENTER OF THE HIGHWAY, AND RUNNING THENCE WEST ALONG THE SECTION LINE, 60 FEET; THENCE NORTH PARALLEL WITH THE 40 LINE, 192.44 FEET; THENCE EAST PARALLEL WITH SAID SECTION LINE, 60 FEET; THENCE SOUTH 192.44 FEET TO THE PLACE OF BEGINNING), IN THE CITY OF WOODSTOCK, IN MCHENRY COUNTY, ILLINOIS.

PARCEL TWELVE:

LOT 11 IN WESTMAN'S ADDITION TO THE CITY OF WOODSTOCK BEING A SUBDIVISION OF PART OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 44 NORTH, RANGE 7 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF, RECORDED DECEMBER 14, 1949 AS DOCUMENT NO. 226517 IN BOOK 10 OF PLATS, PAGE 122, IN MCHENRY COUNTY, ILLINOIS.

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B

ORDER NO.: 2000 000690924 SM

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

GENERAL EXCEPTIONS

1. RIGHTS OR CLAIMS OF PARTIES IN POSSESSION NOT SHOWN BY PUBLIC RECORDS.
2. ANY ENCROACHMENT, ENCUMBRANCE, VIOLATION, VARIATION, OR ADVERSE CIRCUMSTANCE AFFECTING THE TITLE THAT WOULD BE DISCLOSED BY AN ACCURATE AND COMPLETE LAND SURVEY OF THE LAND.
3. EASEMENTS, OR CLAIMS OF EASEMENTS, NOT SHOWN BY PUBLIC RECORDS.
4. ANY LIEN, OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL HERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND NOT SHOWN BY THE PUBLIC RECORDS.
5. TAXES OR SPECIAL ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE PUBLIC RECORDS.
6. WE SHOULD BE FURNISHED A PROPERLY EXECUTED ALTA STATEMENT.
7. NOTE FOR INFORMATION: THE COVERAGE AFFORDED BY THIS COMMITMENT AND ANY POLICY ISSUED PURSUANT HERETO SHALL NOT COMMENCE PRIOR TO THE DATE ON WHICH ALL CHARGES PROPERLY BILLED BY THE COMPANY HAVE BEEN FULLY PAID.

A 7. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 14-03-400-035 (AFFECTS PARCELS THREE AND FOUR)

NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

NOTE: ASSESSED VALUE OF \$0.00; MARKED AS EXEMPT LAND.

NOTE FOR INFORMATION ONLY: ACCORDING TO NOTES ON THE MCHENRY COUNTY TREASURER'S RECORDS, THIS PARCEL HAS BEEN RETIRED TO CREATE 14-03-400-038 AND ROAD PARCEL PER DOCUMENTS 2007R033599 AND 2007R033306.

B 8. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 14-03-400-036 (AFFECTS PART OF PARCEL ONE)

NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B (CONTINUED)

ORDER NO.: 2000 000690924 SM

NOTE FOR INFORMATION: ASSESSED VALUE OF \$0.00; MARKED EXEMPT.

C 9. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 14-03-400-038 (AFFECTS PARCELS TWO AND FIVE)

NOTE: 2007 FIRST INSTALLMENT OF \$17,832.84 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$17,832.84 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

D 10. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 14-03-400-039 (AFFECTS PART OF PARCEL ONE)

NOTE: 2007 FIRST INSTALLMENT OF \$2,078.11 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$2,078.11 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

Q 11. EASEMENT IN FAVOR OF NIMED CORP FOR PURPOSE OF INGRESS AND EGRESS RECORDED OCTOBER 7, 1982 AS DOCUMENT 842653 AFFECTING THEREIN DESCRIBED LAND, AND THE TERMS AND PROVISIONS AS CONTAINED THEREIN.

AMENDMENT TO EASEMENT AGREEMENT FOR INGRESS AND EGRESS RECORDED DECEMBER 20, 1984 AS DOCUMENT 897621.

R 12. TERMS AND PROVISIONS AS CONTAINED IN AGREEMENT RECORDED SEPTEMBER 7, 1984 AS DOCUMENT 889914 BY AND AMONG NORTHERN ILLINOIS MEDICAL CENTER, NIMED CORP, AND THE CITY OF MCHENRY.

S 13. TERMS, PROVISIONS AND CONDITIONS AS CONTAINED IN THE WATER LINE RECAPTURE AGREEMENT RECORDED SEPTEMBER 7, 1984 AS DOCUMENT 889915 BY AND BETWEEN THE CITY OF MCHENRY AND NIMED CORP REGARDING EXTENSION OF CITY WATER LINES AND PROVIDING FOR COLLECTION OF PROPORTIONATE SHARE OF COSTS OF EXTENSION OF SAID WATER LINES TO THE LAND FROM THE OWNERS OF THE LAND BENEFITTED BY SAID WATER LINE SYSTEM.

NOTE: THE LAND DESCRIBED IN SCHEDULE A HEREOF SHALL BE EXEMPT FROM PAYMENT OF ANY RECAPTURE FEES.

T 14. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN THE SEWER LINE RECAPTURE AGREEMENT RECORDED SEPTEMBER 7, 1984 AS DOCUMENT 889916 BETWEEN THE CITY OF MCHENRY AND NIMED CORP REGARDING THE EXTENSION OF CITY SEWER LINES AND PROVIDING FOR COLLECTION OF PROPORTIONATE SHARE OF COSTS OF EXTENSION OF SAID SEWER LINE TO THE LAND FROM THE OWNER OF THE LAND BENEFITTED BY SAID SEWER LINE SYSTEM.

NOTE: THE LAND DESCRIBED IN SCHEDULE A HEREOF SHALL BE EXEMPT FROM PAYMENT OF

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B (CONTINUED)

ORDER NO.: 2000 000690924 SM

ANY RECAPTURE FEE.

- U 15. SANITARY LINE AND WATERMAIN EASEMENT IN FAVOR OF THE CITY OF MCHENRY, SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR PURPOSE OF SERVING THE LAND AND OTHER LAND, AND INCLUDING ACCESS THERETO, AND THE TERMS AND PROVISIONS CONTAINED IN SAID EASEMENT AND PLAT OF EASEMENT RECORDED AS DOCUMENT 93R019961.
- V 16. TERMS AND PROVISIONS OF A PUBLIC UTILITY EASEMENT IN FAVOR OF ILLINOIS BELL TELEPHONE CO, NORTHERN ILLINOIS GAS CO, COMMONWEALTH EDISON CO, TCI, AND SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE, AND MAINTAIN ALL EQUIPMENT NECESSARY FOR PURPOSE OF SERVING THE LAND AND OTHER LAND, INCLUDING ACCESS THERETO, AS CONTAINED IN THE EASEMENT AND PLAT OF EASEMENT RECORDED AS DOCUMENT 93R019961.
- W 17. TERMS AND PROVISIONS OF CROSS EASEMENT AGREEMENT FOR INGRESS AND EGRESS IN FAVOR OF NORTHERN ILLINOIS MEDICAL CENTER AND NIMED CORP FOR PURPOSE OF CONSTRUCTING AN ENCLOSED, GROUND-LEVEL, ALL-WEATHER WALKWAY RECORDED DECEMBER 20, 1984 AS DOCUMENT 897622 AFFECTING THE LAND AND OTHER LAND.
- X 18. TERMS AND PROVISIONS OF CITY OF MCHENRY ORDINANCE # O-01-1003 GRANTING A CONDITIONAL USE PERMIT FOR A HELIPORT ON THE NIMC CAMPUS DATED JANUARY 16, 2001 AND RECORDED JANUARY 24, 2001 AS DOCUMENT 01004961.
- Y 19. TERMS AND PROVISIONS OF CITY OF MCHENRY ORDINANCE # O-01-1004 AMENDING THE CIRCULATION AND LAND USE PLAN FOR THE NIMC CAMPUS (PRIOR ORDINANCE # O-97-818) DATED JANUARY 16, 2001 AND RECORDED JANUARY 24, 2001 AS DOCUMENT 01004962.
- AN 20. ***ADDED PARCELS SIX, SEVEN, EIGHT, AND NINE***
- TAXES FOR THE YEAR(S) 2007 AND 2008
- NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.
- PERMANENT INDEX NUMBER(S): 13-22-401-004
- NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.
- NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.
- NOTE FOR INFORMATION: LAND IS ASSESSED AS EXEMPT; \$0.00 ASSESSED VALUE.
- AO 21. TAXES FOR THE YEAR(S) 2007 AND 2008
- NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.
- PERMANENT INDEX NUMBER(S): 13-22-401-010
- NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.
- NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B (CONTINUED)

ORDER NO.: 2000 000690924 SM

NOTE: MARKED EXEMPT; ASSESSED VALUE OF \$0.00.

AP 22. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 13-22-401-011

NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

NOTE: MARKED EXEMPT; ASSESSED VALUE OF \$0.00.

AQ 23. TERMS AND PROVISIONS OF GAS LINE EASEMENT GRNTD TO NORTHERN ILL GAS CO BY INSTRUMENT AUGUST 28, 1961 AS DOCUMENT 390632 OVER NORTHWEST QUARTER OF SOUTHEAST QUARTER SECTION 22.

AR 24. RIGHTS OF THE PUBLIC, THE STATE OF ILLINOIS AND THE MUNICIPALITY IN AND TO THAT PART OF THE LAND TAKEN OR USED FOR ROAD PURPOSES BY INSTRUMENT RECORDED APRIL 18, 1924 IN BOOK 8 MISC RECORDS PAGE 103.

AS 25. RIGHTS OF THE PUBLIC, THE STATE OF ILLINOIS AND THE MUNICIPALITY IN AND TO THAT PART OF THE LAND TAKEN OR USED FOR ROAD PURPOSES AFFECTING THAT PART OF THE LAND FALLING WITHIN U.S. ROUTE 14 AND DOTY ROAD.

AT 26. COVENANTS AND RESTRICTIONS (BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW), AS CONTAINED IN THE INSTRUMENT RECORDED SEPTEMBER 7, 1990 AS DOCUMENT NO. 90R033347, WHICH DOES NOT CONTAIN A REVERSIONARY OR FORFEITURE CLAUSE.

AU 27. EASEMENT IN FAVOR OF THE CITY OF WOODSTOCK FOR CONSTRUCTING, LAYING, AND MAINTAINING SANITARY SEWERAGE FACILITIES AND WATER MAINS, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED/FILED AS DOCUMENT NO. 94R024650 RECORDED APRIL 14, 1994, AFFECTING THE THEREIN DESCRIBED PARTS OF THE LAND.

AV 28. RIGHTS OF THE PUBLIC, THE STATE OF ILLINOIS AND THE MUNICIPALITY IN AND TO THAT PART OF THE LAND TAKEN OR USED FOR ROAD PURPOSES BY INSTRUMENT RECORDED AUGUST 17, 1994 AS DOCUMENT 94R048603.

AW 29. TERMS AND PROVISIONS OF AN EASEMENT AGREEMENT BY AND BETWEEN MEMORIAL MEDICAL CENTER-WOODSTOCK NOT-FOR-PROF CORP, AND NIMED CORP AS CONTAINED IN INSTRUMENT RECORDED MARCH 6, 2002 AS DOCUMENT 2002R0021542 AND AS AMENDED AND RESTATED BY DOCUMENT DATED MARCH 15, 2002 AND RECORDED MARCH 19, 2002 AS DOCUMENT

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B (CONTINUED)

ORDER NO.: 2000 000690924 SM

2002R0025730.

AX 30. ***ADDED PARCELS TEN, ELEVEN AND TWELVE***

TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 13-07-227-001

NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

NOTE: MARKED AS EXEMPT; ASSESSED VALUE OF \$0.00.

AY 31. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 13-07-227-038

NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

NOTE: MARKED AS EXEMPT; ASSESSED VALUE OF \$0.00.

AZ 32. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 13-07-227-039

NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

NOTE: MARKED EXEMPT; ASSESSED VALUE OF \$0.00.

BA 33. TAXES FOR THE YEAR(S) 2007 AND 2008

NOTE: 2008 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S): 13-06-480-047

NOTE: 2007 FIRST INSTALLMENT OF \$0.00 HAS BEEN PAID.

NOTE: 2007 FINAL INSTALLMENT OF \$0.00 NOT DELINQUENT BEFORE SEPTEMBER 3, 2008.

NOTE: MARKED AS EXEMPT; ASSESSED VALUE OF \$0.00.

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B (CONTINUED)

ORDER NO.: 2000 000690924 SM

BB 34. PERMIT AND EASEMENT IN FAVOR OF CHICAGO TELEPHONE CO, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED/FILED AS DOCUMENT NO. BOOK 2 PAGE 454 RECORDED SEPTEMBER 23, 1914, AFFECTING THE THE LAND FOR PHONE AND TELEGRAPH, TRIM TREES AND OTHER MATTERS AS CONTAINED THEREIN AFFECTING PARCELS TEN AND TWELVE.

BC 35. COVENANTS AND RESTRICTIONS (BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW), RELATING TO CONNECTION TO SANITARY SEWER CONTAINED IN THE DEED RECORDED JULY 13, 1940 AS DOCUMENT BOOK 239 PAGE 536 AND NOVEMBER 28, 1945 IN BOOK 279 PAGE 255, WHICH DOES NOT CONTAIN A REVERSIONARY OR FORFEITURE CLAUSE.

BD 36. UNRECORDED EASEMENT IN FAVOR OF ILLINOIS BELL TELEPHONE CD , AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO AS DISCLOSED BY SURVEY FOR UNDERGROUND CABLE ALONG THE SOUTHERLY LINE OF PARCEL ELEVEN.

2 37. WE SHOULD BE FURNISHED A CERTIFIED COPY OF THE DIRECTORS' RESOLUTIONS AUTHORIZING THE CONVEYANCE OR MORTGAGE TO BE INSURED. SAID RESOLUTIONS SHOULD EVIDENCE THE AUTHORITY OF THE PERSONS EXECUTING THE CONVEYANCE OR MORTGAGE. IF THEY DO NOT, A CERTIFIED COPY OF THE CORPORATE BY-LAWS ALSO SHOULD BE FURNISHED.

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

AA 38. WE SHOULD BE FURNISHED A CURRENT CERTIFICATE OF GOOD STANDING FROM THE ILLINOIS SECRETARY OF STATE. IF SUCH A CERTIFICATE IS NOT FURNISHED, OUR POLICY WILL BE SUBJECT TO THE FOLLOWING EXCEPTION:

"CONSEQUENCES OF THE FAILURE OF THE PARTY IN TITLE TO THE ESTATE OR INTEREST IN THE LAND DESCRIBED IN SCHEDULE A TO COMPLY WITH THE APPLICABLE "DOING BUSINESS" LAWS OF THE STATE OF ILLINOIS."

AB 39. EXISTING UNRECORDED LEASES AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.

AC 40. WE SHOULD BE FURNISHED A STATEMENT THAT THERE IS NO PROPERTY MANAGER EMPLOYED TO MANAGE THE LAND, OR, IN THE ALTERNATIVE, A FINAL LIEN WAIVER FROM ANY SUCH PROPERTY MANAGER.

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE B (CONTINUED)

ORDER NO.: 2000 000690924 SM

AD 41. TO CONSIDER PROVIDING EXTENDED COVERAGE OVER GENERAL EXCEPTION 5 ("TAXES AND SPECIAL ASSESSMENTS NOT OF RECORD"), THE COMPANY SHOULD BE FURNISHED A STATEMENT FROM THE MUNICIPALITY IN WHICH THE LAND IS LOCATED WHICH INDICATES WHETHER THE LAND LIES WITHIN THE BOUNDARIES OF ANY PROPOSED OR EXISTING BUT UNRECORDED SPECIAL SERVICE AREA, PURSUANT TO 35 ILCS 200/27-5 ET SEQ. IF NO STATEMENT IS FURNISHED, THE POLICY WILL BE SUBJECT TO THE FOLLOWING EXCEPTION: LIENS ARISING BY REASON OF ANY UNRECORDED ORDINANCE WHICH ESTABLISHES A SPECIAL SERVICE AREA.

AE 42. ANY LIEN, OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL, HERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND NOT SHOWN BY THE PUBLIC RECORDS.

AF 43. RIGHTS, IF ANY, OF PUBLIC AND QUASI-PUBLIC UTILITIES IN THE LAND.

AG 44. RIGHTS OF THE PUBLIC, THE STATE OF ILLINOIS AND THE MUNICIPALITY IN AND TO THAT PART OF THE LAND, IF ANY, TAKEN OR USED FOR ROAD PURPOSES.

AH 45. ENCROACHMENTS, GAPS, GORES, OVERLAPS, BOUNDARY LINE DISPUTES, SHORTAGES IN AREA, OR ANY OTHER MATTERS WHICH WOULD BE DISCLOSED BY AN ACCURATE SURVEY AND INSPECTION OF THE LAND.

IF IT IS DESIRED THAT THE GENERAL EXCEPTIONS BE DELETED FOR THE POLICY TO BE ISSUED, WE SHOULD BE FURNISHED IN ADDITION TO (1) ABOVE WITH A CURRENT SURVEY CERTIFIED TO TICOR TITLE INSURANCE COMPANY.

AJ 46. RIGHTS OF WAY FOR DRAINAGE TILES, DITCHES, FEEDERS AND LATERALS, IF ANY.

AI 47. RIGHTS OF THE UNITED STATES OF AMERICA TO RECOVER ANY PUBLIC FUNDS ADVANCED UNDER THE PROVISIONS OF ONE OR MORE OF THE VARIOUS FEDERAL STATUTES RELATING TO HEALTH CARE.

END

TICOR TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE

ORDER NO.: 2000 000690924 SM

CONDITIONS

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

Effective Date: May 1, 2008

Fidelity National Financial, Inc.
Privacy Statement

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

Personal Information Collected

- We may collect Personal Information about you from the following sources:
- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information and income information;
- Information we receive from you through our Internet websites, such as your name, address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transactions, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded.

Disclosure of Personal Information

- We may provide your Personal Information (excluding information we receive from our consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:
- To insurance agents, brokers, representatives/support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connections with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory, or law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or in other financial institutions with which we have had joint marketing agreements and/or
- To lenders, lien holders, judgement creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

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

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

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

Confidentiality and Security of Personal Information

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

Access to Personal Information/

Requests for Correction, Amendment, or Deletion of Personal Information

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

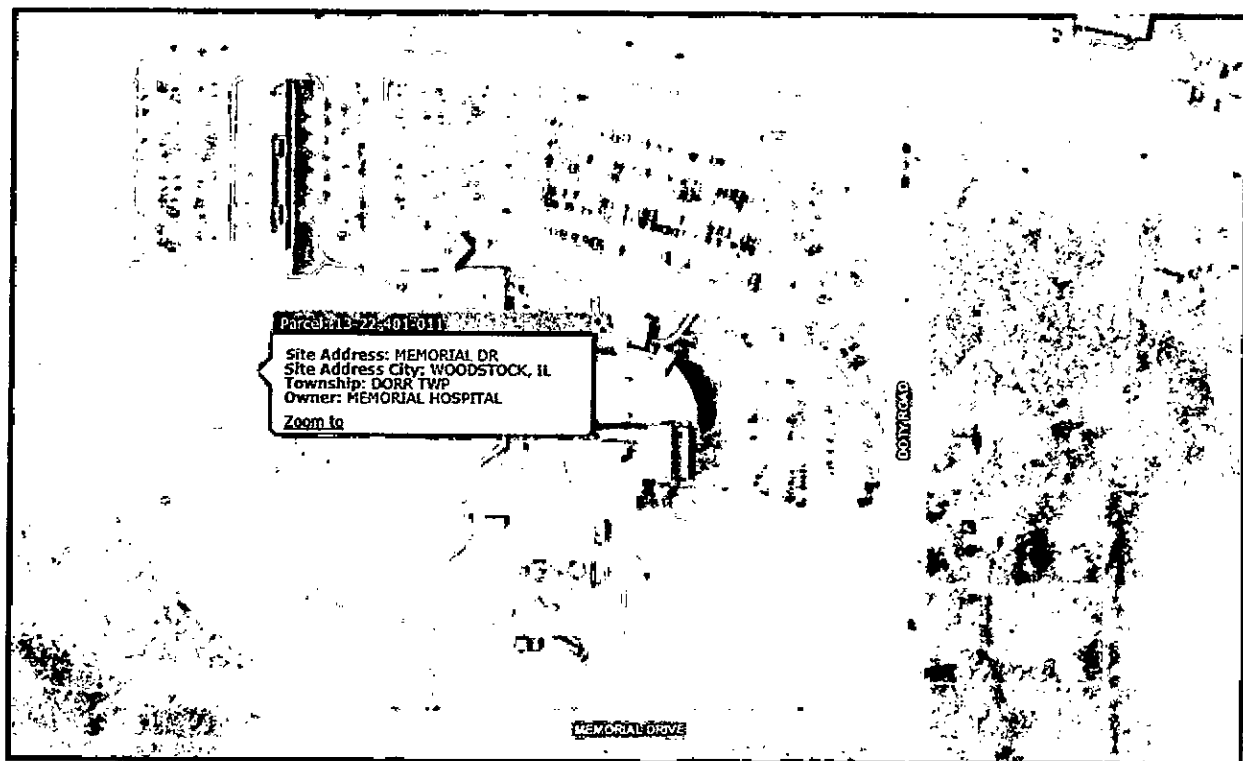
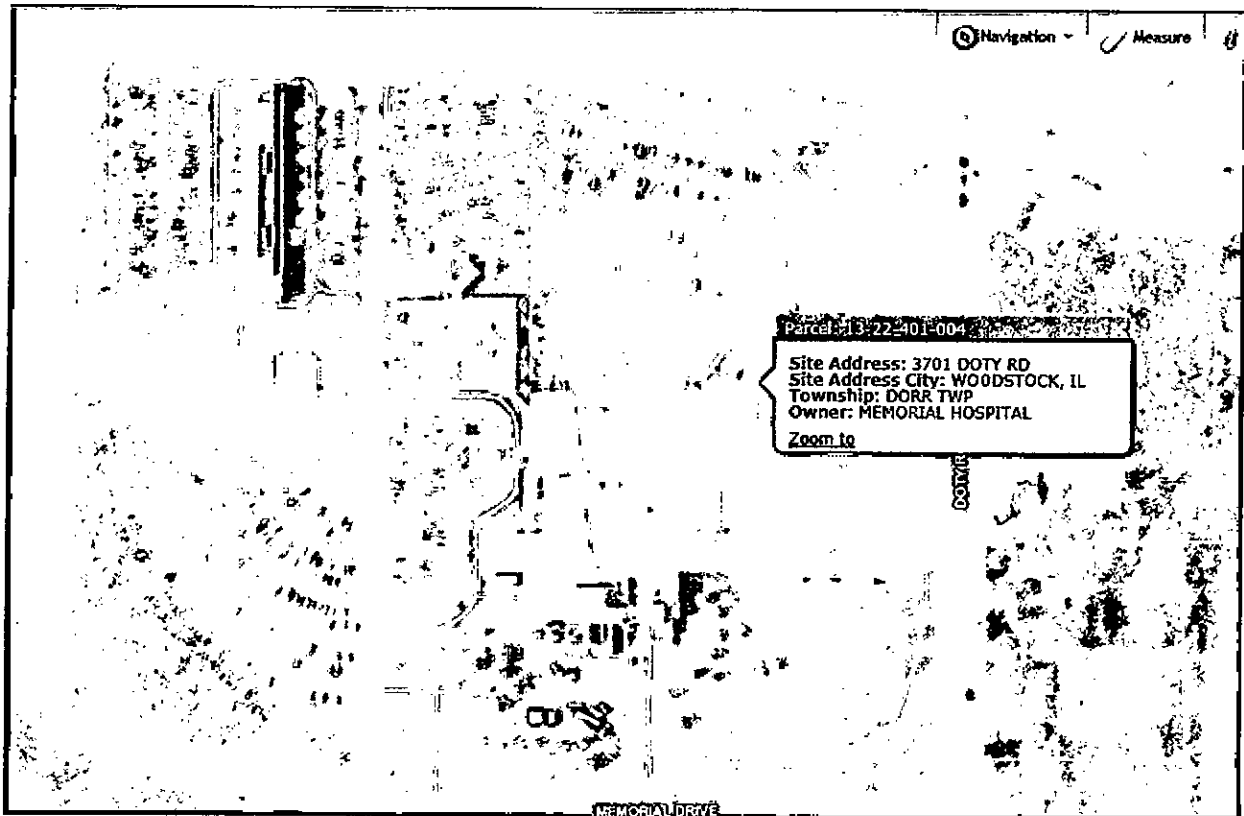
For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity.

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

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

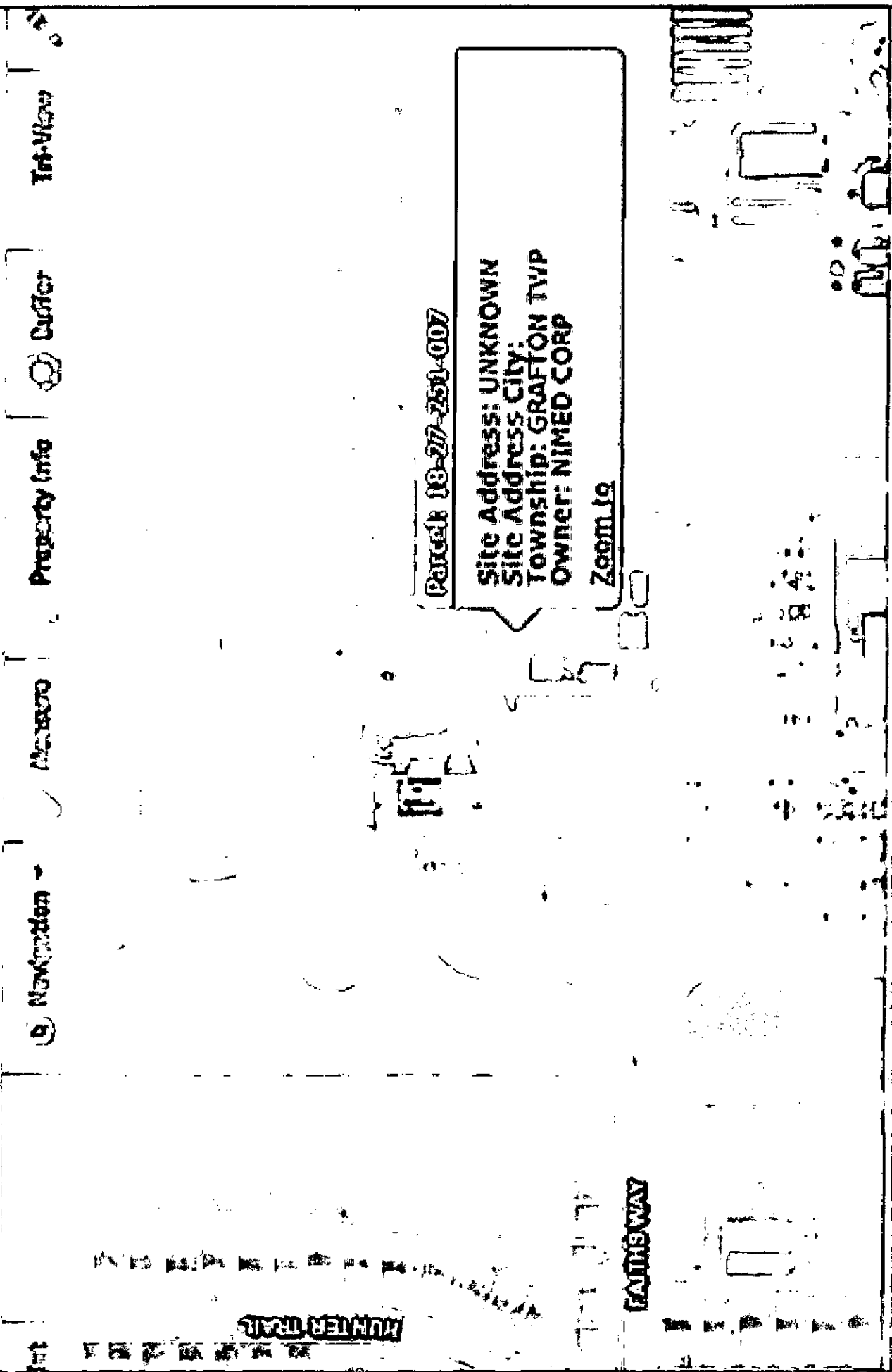
Changes to this Privacy Statement

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





18-27-201-007



Full View

Buffer

Property Info

Measure

Navigation

FAIRBANKS

HUNTER TRAIL

FROM THE OFFICE OF: **REAL ESTATE TAX BILL**
GLENDA L. MILLER 1ST INSTALLMENT COUPON PAYMENT
McHENRY COUNTY TREASURER

ASSESSED TO: NIMED CORP

PIN: 18-27-251-007



MAKE CHECKS PAYABLE TO: McHENRY COUNTY COLLECTOR

****DUPLICATE****

CENTEGRA HEALTH SYSTEM
527 W SOUTH ST
WOODSTOCK IL 60098-

1ST INSTALLMENT FOR 2016
DUE BY 06/05/2017

1-2016

INTEREST
COSTS
TOTAL PAID

\$604.94
Total Due Due by 06/05/2017

PAID BY: CHECK ___ CASH ___ MAIL ___ CREDIT CARD ___

1827251007000006049416

FROM THE OFFICE OF: **REAL ESTATE TAX BILL**
GLENDA L. MILLER 2ND INSTALLMENT COUPON PAYMENT
McHENRY COUNTY TREASURER

ASSESSED TO: NIMED CORP

PIN: 18-27-251-007



MAKE CHECKS PAYABLE TO: McHENRY COUNTY COLLECTOR

****DUPLICATE****

CENTEGRA HEALTH SYSTEM
527 W SOUTH ST
WOODSTOCK IL 60098-

2ND INSTALLMENT FOR 2016
DUE BY 09/05/2017

2-2016

INTEREST
COSTS
TOTAL PAID

\$604.94
Total Due Due by 09/05/2017

PAID BY: CHECK ___ CASH ___ MAIL ___ CREDIT CARD ___

1827251007000006049428

Taxing Body	Rate	Percent	Tax This Year	Tax Last Year
McHENRY COUNTY	0.897631	9.48	\$114.69	\$109.73
McHENRY COUNTY PENSION	0.156242	1.65	\$19.96	\$20.02
McHENRY CO CONSV	0.258847	2.73	\$33.07	\$33.29
COLLEGE DISTRICT 528 MCC	0.401147	4.24	\$51.25	\$51.62
COLLEGE DISTRICT 528 MCC PENSION	0.005452	0.06	\$0.70	\$0.70
SCHOOL DIST 158	5.514676	58.24	\$704.61	\$688.41
SCHOOL DIST 158 PENSION	0.217401	2.30	\$27.78	\$27.28
HUNTLEY FIRE DIST	0.699523	7.39	\$89.38	\$90.62
HUNTLEY FIRE DIST PENSION	0.105426	1.11	\$13.47	\$12.37
HUNTLEY AREA LIBRARY	0.255948	2.70	\$32.70	\$31.61
HUNTLEY PARK DIST	0.270037	2.85	\$34.50	\$44.97
GRAFTON TOWNSHIP	0.074555	0.79	\$9.53	\$10.68
GRAFTON TWP RD & BR	0.059489	0.63	\$7.61	\$7.53
GRAFTON TWP RD & BR PENSION	0.001287	0.01	\$0.16	\$0.16
HUNTLEY VILLAGE	0.442609	4.67	\$56.55	\$47.86
HUNTLEY VILLAGE PENSION	0.108951	1.15	\$13.92	\$13.83

McHENRY COUNTY 2016 REAL ESTATE TAX BILL

LEGAL DESCRIPTION:
DOC 2014R0041747 (PLAT)
PC W1/2 LT A
CENTEGRA HEALTH CARE

ASSESSED TO:
NIMED CORP

SITE ADDRESS:
UNKNOWN
IL

If paid after due date, pay amount below which includes 1.5% per month penalty: FIRST INSTALLMENT SECOND INSTALLMENT		
06/06 - 07/05	614.01	
07/06 - 08/05	623.09	
08/06 - 09/05	632.16	
09/06 - 10/05	641.24	614.01
10/06 - 10/27	650.31	633.09

PIN

18-27-251-007

Township	Tax Code	Property Class
GF	18002	0011

Sub Lot	Acres
	15.30

1st Install	2nd Install
\$604.94	\$604.94

Interest	Interest
----------	----------

Costs	Costs
-------	-------

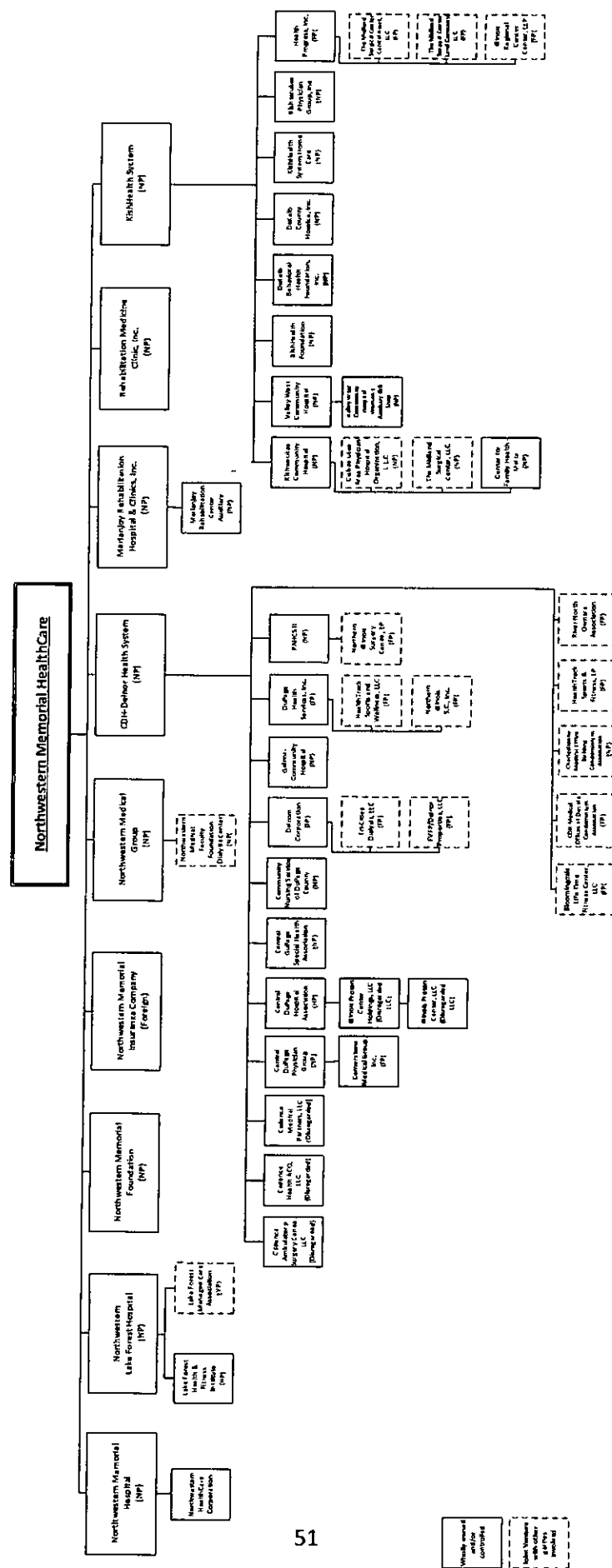
Total Paid	Total Paid
------------	------------

Total Due Due by 06/05/2017	Total Due Due by 09/05/2017
--------------------------------	--------------------------------

Totals	8.469221	\$1,209.86	\$1,190.68
--------	----------	------------	------------

Fair Cash Value	
S/A Value	12,127
S/A Multiplier	1.0581 X
S/A Equalized Value	12,777 =
Brd. of Review Value	12,777
Brd. of Review Multiplier	1.0000 X
Brd. of Review EQ Value	12,777 =
Home Improv./Net Exemptions	0 -
State Multiplier	1.0000 X
State Equalized Value	11,833 =
Farm and other Bldgs. Value	944 +
Total Amt. Prior to Exemptions	12,777 =
Annual Homestead Exemptions	0 -
Sr. Freeze Abated Amount	0 -
Elderly Homestead Exemption	0 -
Disabled Vet Homestead Ex	0 -
Disabled Person Exemption	0 -
Returning Veteran Exemption	0 -
Net Taxable Amount	12,777 =
Local Tax Rate	9.469221 X
Total Current Year Tax Due	\$1,209.86 =

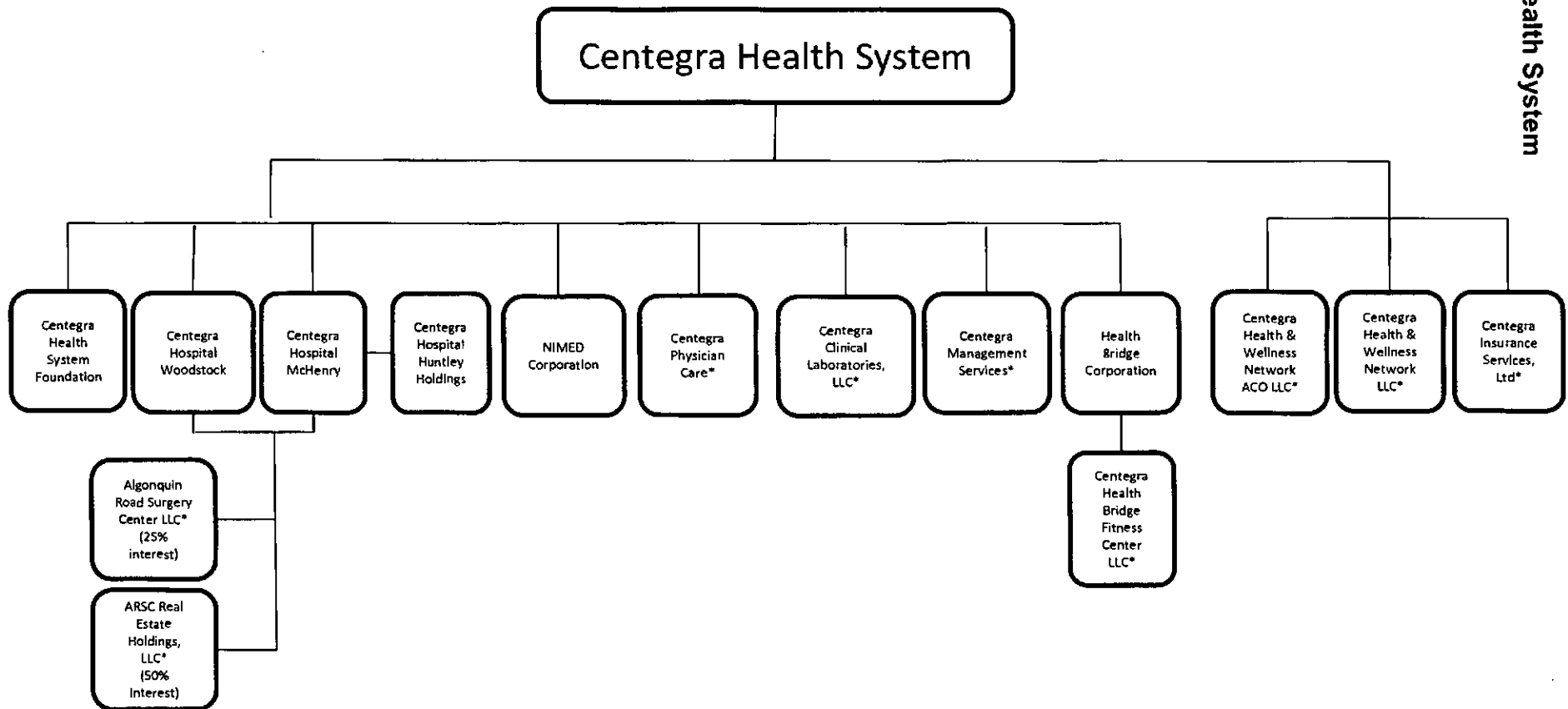
**Northwestern Memorial
HealthCare**



Centegra Health System and its Affiliates

Corporate Relationships

Centegra Health System



* Indicates Non 501 C (3) entities

As of 4/12/2018

[illegible]

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES

Background

BACKGROUND OF APPLICANT

1. *Listing of all health care facilities owned or operated by the applicants, including licensing, and certification if applicable.*

Northwestern Memorial HealthCare:

	IDPH License No.	Joint Commission Organization No.
Northwestern Memorial Hospital	0003251	7267
Lake Forest Hospital	0005660	3918
Central DuPage Hospital	0005744	7444
Delnor-Community Hospital	0005736	5291
Marianjoy Rehabilitation Hospital	0003228	7445
Kishwaukee Community Hospital	0005470	7325
Valley West Community Hospital	0004690	382957
Grayslake Freestanding Emergency Center	22002	3918
Grayslake ASTC	7003156	3918
Grayslake Endoscopy ASTC	7003149	3918
Cadence Ambulatory Surgery Center	7003173	n/a
The Midland Surgical Center*	7003148	n/a
Illinois Proton Center	n/a	n/a

*denotes partial ownership in excess of 51%

Centegra Health System:

	IDPH License No.	Joint Commission Organization No.
Centegra Hospital-McHenry	0003889	7375
Centegra Hospital-Huntley	0003890	7375
Centegra Hospital-Woodstock	0004606	7447

2. *A certified listing of any adverse action taken against any facility owned and/or operated by the applicants during the three years prior to the filing of the application.*

By their signatures on the Certification pages of this application, each of the Applicants attest that no adverse action has been taken against any facility owned and/or operated by Northwestern Memorial HealthCare and/or Centegra Health System during the three years prior to the filing of this application. For the purpose of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.140.

3. *Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, by not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.*

By their signatures on the Certification pages of this application, each of the Applicants authorize HFSRB and DPH access any documentation which it finds necessary to verify any information submitted, including, but not limited to: official records of DPH or other State agencies and the records of nationally recognized accreditation organizations.

SECTION V. CHANGE OF OWNERSHIP (CHOW)

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1130.520(b)(1)(A) – Names of the parties

The Applicants are:

- (i) Northwestern Memorial HealthCare (NMHC)
- (ii) Centegra Health System (Centegra)
- (iii) Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry
- (iv) Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley
- (v) Memorial Medical Center d/b/a Centegra Hospital – Woodstock

1130.520(b)(1)(B) – Background of the parties

Each of the Applicants, by their signatures on the Certification pages of this application, attest that they are fit, willing, able, and have qualifications, background, and character to adequately provide a proper standard of health service for the community.

By their signatures on the Certification pages of this application, each of the Applicants attest that no adverse action has been taken against any facility owned and/or operated by NMHC and/or Centegra during the three years prior to the filing of this application. For the purpose of this statement, the term "adverse action" has the meaning given to it in 77 IAC §1130.140.

1130.520(b)(1)(C) – Structure of the transaction

In the proposed transaction, NMHC will become the sole corporate member of Centegra. As such, NMHC will have the power and authority to govern, direct, and oversee the property, funds, business, and affairs of Centegra. The transaction will constitute an indirect change of control of Centegra's existing health care facilities, and therefore a change of ownership of the licensees (as defined in 77 IAC §1130.140).

1130.520(b)(1)(D) – Name of the person who will be licensed after the transaction

The proposed transaction, in and of itself: (a) will not affect any of the licensees' status as the licensee/operating entity of the existing health care facilities named above; and (b) will not change the legal entity that owns the "bricks and mortar" (buildings) of the existing health care facilities. The licensees will remain Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry and Centegra Hospital – Huntley and Memorial Medical Center d/b/a Centegra Hospital – Woodstock.

1130.520(b)(1)(E) – List of the ownership or membership interests both prior to and after the transaction, including a description of the organizational structure

If the proposed transaction is approved, NMHC will become the sole corporate member of Centegra and the ultimate corporate parent of the NM System. Organizational charts for NMHC, Centegra and the proposed new NM System are included in ATTACHMENT-4.

1130.520(b)(1)(F) – Fair market value of assets to be transferred

In March, 2018, NMHC and Centegra engaged Principle Valuation, LLC to perform a business enterprise valuation of Centegra. The business enterprise value was determined using two primary appraisal approaches: 1) Income (Discounted Cash Flow) and 2) Market (Guideline Company and Guideline Transaction). Based on the results of their analysis, the business enterprise value of Centegra, net of long-term liabilities, was concluded to be in the range of \$82.2 million to \$116.2 million.

1130.520(b)(1)(G) – Purchase price or other forms of consideration to be provided

There is no acquisition price for this transaction; however, as of the closing, there will be a fund created with the unrestricted net cash position of the Centegra at closing. This fund will be used exclusively to support the mission of Centegra and benefit the health care needs of Centegra's geographic service area.

1130.520(b)(2) – Affirmation that projects for which permits have been issued have been completed or altered in accordance with the provisions of this Section

The Applicants affirm that any projects for which Certificate of Need or Certificate of Exemption permits have been issued have been completed or will be completed or altered in accordance with the provisions in Section 1130.520.

1130.520(b)(2) – Affirmation that the facility will not adopt a more restrictive charity care policy

The Applicants affirm that Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry and Centegra Hospital – Huntley, and Memorial Medical Center d/b/a Centegra Hospital – Woodstock, will not adopt a more restrictive charity care policy than the policy in effect one year prior to the transaction and will maintain the compliant charity care policy for a minimum of two years following the change of ownership transaction.

1130.520(b)(2) – Statement of anticipated benefits of the proposed change in ownership to the community

The anticipated benefit of the proposed affiliation is that it will allow NMHC to expand regionally to service the health care needs of McHenry County and neighboring communities. This will enable the most advanced health care to be provided with the support of an integrated academic health system, including necessary tertiary and quaternary care.

The proposed affiliation intends to further expand an integrated network comprised of premier academic health enterprise and a successful, community-based health system that incorporates and builds upon the best elements of NMHC and Centegra's current health systems. Central to the vision of the NM System is the concept of "innovation", which includes:

- Innovation in developing, aligning, sharing, supporting, and adopting the use of best clinical and operational practices across the NM System;
- Innovation in provider relationships, whether through the integration of additional providers into the NM System, or relationships intended to support defined mutual interests for the benefit of the communities served;
- Innovation in the patient and family experience, so that exceptional care is rendered in an exceptional environment supported by exceptional staff and physicians;
- Innovation in advancing the boundaries of medical science, medical education, and clinical practice through the discovery and translation into clinical care, and dissemination of knowledge.

NMHC and Centegra will work to define and implement the affiliation in a manner that:

- furthers the charitable missions of NMHC and Centegra
- continues to improve access to comprehensive, convenient, high quality, lower cost inpatient and outpatient healthcare throughout the communities served by the NM System
- continues to improve and manage the health status of the population of the communities served by the NM System
- promotes community health and well-being through patient care, wellness, research and educational efforts
- builds the medical community through developing strongly-aligned relationships with primary care, core specialist, subspecialist, and group practice physicians
- enhances sound stewardship through the efficient delivery of all services, resulting in favorable financial performance for the NM System entities
- develops a comprehensive delivery system, emphasizing the efficacy of care, resulting in improved outcomes and quality of life for patients, recognition for quality and service excellence, and growth initiatives and service expansion opportunities for the NM System entities
- enhances physician, payor and patient preference
- enhances community benefit and public policy advocacy
- maintains all appropriate accreditation and all relevant and necessary federal, state and local licenses and permits

1130.520(b)(2) – Anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership

The proposed affiliation will present significant opportunities to improve health care delivery and access to services provided locally in the NM System's service area and will do so in an efficient manner that results in cost savings and other efficiencies which will ensure that the NM System can continue its charitable mission and purpose. Such opportunities will likely include initiatives for deployment of system-wide support functions, with the goal of enhancing operational uniformity, efficiency, and performance.

1130.520(b)(2) – Description of the facility's quality improvement program mechanism that will be utilized to assure quality control

Centegra and NMHC share a longstanding commitment to a culture of quality, safety, and service. By aspiring to the highest standards for quality and patient satisfaction, Centegra and NMHC continue to advance the commitment to delivering care that is of the highest quality, is evidence based, and eliminates preventable harm. It is anticipated that Centegra will integrate their quality plan with NMHC's quality plan after the closing of the proposed transaction. NMHC's quality plan is designed to align leadership, staff, and resources to accomplish defined quality improvement goals. The goals consider key components of the national quality agendas, value, and input from stakeholders both internal and external to the system including patients and their family members. NMHC follows a DMAIC-based approach to process improvement. DMAIC (Define, Measure, Analyze, Improve, and Control), the process improvement methodology from Six Sigma, is the "roadmap" that is followed on every improvement project.

1130.520(b)(2) – Description of the selection process that the acquiring entity will use to select the facility's governing body

As of the closing of the proposed transaction, the Board of Directors of Centegra and each of the Centegra hospitals will be identical (known as the "Northwest Region Board") and will be comprised of ten to fifteen individuals, with NMHC and Centegra each selecting half of such individuals before the closing. The NMHC Board will approve proposed candidates before the closing and elect approved candidates as of the closing. Vacancies on the Northwest Region Board will be filled in accordance with the bylaws of NMHC, Centegra, and the Centegra hospitals in effect.

1130.520(b)(2) – Statement that the applicant has prepared a written response addressing review criteria contained in 77 Ill. Adm. Code 1110.240

NMHC has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 that is available for public review on the premises of the health care facility.

1130.520(b)(2) – Description of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition

NMHC and Centegra intend for NM System patients to receive the right level of care, at the right location and to receive as much care as can be effectively and safely delivered close to home. The Centegra facilities and other NM System locations will offer the highest level of care that is clinically appropriate in the context of community need, patient safety, and NM System capability. NMHC and Centegra will evaluate, enhance, develop, and coordinate the provision of services across the communities the NM System serves to enable access to high-quality, cost-effective health care in the community.

SECTION VII. 1120.130 – FINANCIAL VIABILITY

NMHC has an Aa2 bond rating from Moody's Investors Service and an AA+ from Standard & Poor's Ratings Services. Attached are copies of NMHC's applicable bond rating statements.



CREDIT OPINION

28 November 2017

New Issue

Rate this Research



Contacts

Lisa Martin +1.212.553.1423
Senior Vice President
 lisa.martin@moodys.com

Beth I. Wexler +1.212.553.1384
VP-Sr Credit Officer
 beth.wexler@moodys.com

Diana Lee +1.212.553.4747
VP-Sr Credit Officer
 diana.lee@moodys.com

Northwestern Memorial HealthCare, IL

New Issue - Moody's assigns Aa2 to Northwestern Memorial HealthCare's Ser. 2017A&B bonds; stable outlook

Summary Rating Rationale

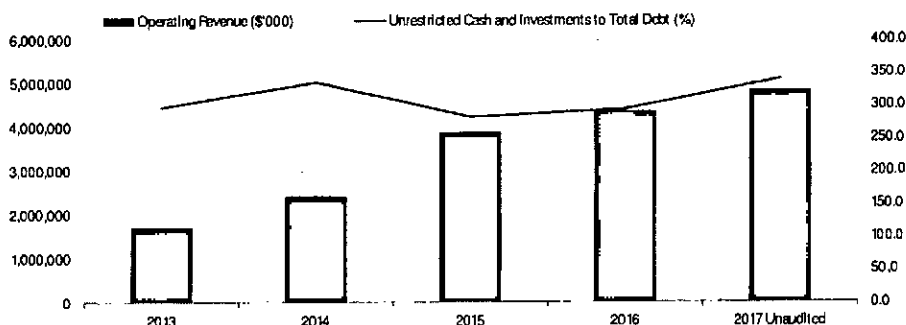
Moody's Investors Service assigned Aa2 ratings to Northwestern Memorial HealthCare's (NMHC) proposed Series 2017A (\$525 million) and 2017B (\$162 million) bonds, both to be issued through the Illinois Finance Authority. The Series 2017A bonds are fixed rate with a maturity of 2047. The Series 2017B bonds are fixed rate with a maturity of 2057 and expected mandatory tender in 2022. NMHC's Aa2, Aa2/VMIG 1, and P-1 ratings are affirmed. The outlook is stable.

The Aa2 reflects our view that NMHC will maintain its prominent and growing market position in the Chicago region, strong investment position and good margins, manageable leverage, and a fully funded pension plan. The rating also incorporates challenges related to increasing competition in a consolidating market, potential dilution of a proposed merger, and comparatively moderate monthly liquidity.

The P-1 reflects NMHC's strong internal liquidity and processes to pay commercial paper maturities if needed. The VMIG 1 ratings reflect the availability of bank standby bond purchase agreements to fund unremarketed tenders.

Exhibit 1

Strong Balance Sheet Maintained During Rapid Expansion



Source: Moody's Investors Service

Credit Strengths

- » Prominent and growing market position in the Chicago region, supported by favorable locations and affiliation with Northwestern University's Feinberg School of Medicine
- » Maintenance of very strong levels of cash and investments
- » Good operating cashflow margins sustained, as evidenced by 3-year average of about 13%, even during rapid growth period
- » Anticipate leverage to remain very manageable with favorably low debt-to-cashflow and high coverage metrics
- » Relatively low Medicare and Medicaid dependency, limiting exposure to cuts and delays
- » Fully funded pension plan and modest operating lease obligations
- » Ongoing disciplined approach to evaluating strategic alternatives and capital commitments

Credit Challenges

- » Increasingly competitive market with rapid consolidation and several large academic medical centers
- » Potential merger with Centegra Health System could dilute NMHC's metrics, depending on degree of improvement ahead of transaction close
- » High allocation to alternative investments, resulting in a low 48% monthly liquidity

Rating Outlook

The stable outlook is based on our expectation that NMHC will maintain strong operating cash flow margins, manage growth and integration risks with little disruption to operations, and maintain liquidity and debt metrics since capital spending can be funded with cashflow.

Factors that Could Lead to an Upgrade

- » Geographic diversification of cashflow
- » Significant increase in market share
- » Material and sustained improvement in operating margins, along with reduction in leverage
- » Stronger liquidity

Factors that Could Lead to a Downgrade

- » Large increase in leverage with weakening of debt metrics
- » Material decline in margins or investment position
- » Meaningful dilution from acquisition or merger

This publication does not constitute a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the Issuer entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key Indicators

Exhibit 2

Northwestern Memorial HealthCare, IL

	2013	2014	2015	2016	2017 Unaudited
Operating Revenue (\$'000)	1,709,666	2,426,460	3,885,630	4,359,873	4,830,996
3 Year Operating Revenue CAGR (%)	3.1	13.0	31.7	36.6	N/A
Operating Cash Flow Margin (%)	17.2	11.8	13.2	12.4	12.7
PM: Medicare (%)	32.6	33.5	34.6	35.8	37.3
PM: Medicaid (%)	9.7	9.0	10.6	10.6	10.7
Days Cash on Hand	601	445	435	413	422
Unrestricted Cash and Investments to Total Debt (%)	296.7	334.7	282.0	293.7	340.0
Total Debt to Cash Flow (x)	1.6	1.7	1.9	1.9	1.6

Based on financial statements for Northwestern Memorial HealthCare & Subsidiaries, fiscal year ended August 31; audited fiscal years 2013-2016; unaudited fiscal year 2017

Adjustments: Grants and academic support provided (representing transfers to the school of medicine) reallocated to operating expenses from nonoperating gains (losses)

Investment returns normalized at 6% prior to FY 2015 and 5% in FY 2015 and beyond

Source: Moody's Investors Service

Detailed Rating Considerations

Market Position: Prominent and growing market position in competitive market

NMHC will remain a key prominent player in a highly competitive market. The hospital system will continue to grow, having already doubled in size from FYE 2014 to a \$4.8 billion regional system. NMHC will further expand its footprint if it acquires Centegra Health System, with which it signed a non-binding letter of intent to explore an affiliation in April 2016. Centegra is a \$560 million revenue system with hospitals in McHenry and Woodstock. Given Centegra's high leverage and sizable operating losses, the potential combination would be somewhat dilutive to NMHC financially, although geographically complementary. Centegra, however, has been executing a significant turnaround strategy to improve operating performance ahead of the merger with NMHC. Previous acquisitions will also help NMHC's presence. Its September 2014 affiliation with Cadence expanded and enhanced NMHC's locations in attractive and growing markets. Most business consolidation has been achieved. NMHC merged with KishHealth System December 2015 and Marianjoy Rehabilitation Hospital March 2016; these smaller organizations did not have a material financial impact on NMHC.

NMHC will continue to integrate and coordinate strategies with Northwestern University's Feinberg School of Medicine (FSM). A joint planning process and governance oversight structure coordinates activities for the school, the faculty practice plan and hospitals. Strategically, we believe closer integration will be positive toward advancing the strong brand of Northwestern Medicine and building on clinical capabilities.

The Chicago market will become more competitive as the pace of consolidation among hospitals increases. Advocate Health Network and AMITA are the largest competitors in terms of size. Most recently, Presence Health announced plans to divest Chicago-area hospitals to AMITA, which is a joint operating company formed by Ascension Health and Adventist Health System Sunbelt, Inc. If consummated, the combined system will be the second largest in the region. Competition for physicians will also intensify, including that from a large independent medical group with private investors. On a positive note, the state's strict Certificate of Need process will continue to reduce the presence of for-profit hospital companies.

Operating Performance, Balance Sheet and Capital Plans: Good margins and strong investment position

We expect NMHC to continue to enjoy generally good operating margins. This is supported by its ability to generate operating cashflow margins, averaging about 13% over three years, even during a period of rapid expansion.

Based on management's budget, NMHC will see a decline in FY 2018 margins, but will remain adequate for the rating category. We also expect margins to show improvement after FY 2018 as the decline will be driven by certain one-time investments. These include higher costs to complete IT installations, activation costs for the opening of the new replacement Lake Forest hospital and

an assumption for lower provider assessment monies in the event the program expires in June. Margins will be aided by the system's annual expense reduction targets to compensate for revenue pressures. Same-facility revenue growth will likely remain solid, having increased by about 6%-7% in fiscal years 2016 and 2017, due to higher supplemental Medicaid payments and volume growth.

LIQUIDITY

Over the coming year, NMHC will maintain a strong investment position, but liquidity will be lower than peers due to the asset allocation. Days cash on hand was 422 days at FYE 2017, providing a very good 340% unrestricted cash-to-total debt. Recent growth is due to operating performance and investment returns, which offset higher Medicaid receivables. Monthly liquidity was comparatively low at 48%, reflecting a heavy allocation to investments. NMHC will have minimal liquidity needs associated with swaps (limited collateral postings) and its pension, which is fully funded.

We expect capital spending to be manageable and funded with operating cashflow. Total capital spending is budgeted at \$460 million in FY 2018. The largest projects are a replacement hospital for Northwestern Lake Forest Hospital, expected to open in 2018, and the installation of an electronic medical record system. Certain facilities are already on parts of an electronic medical record, including the revenue cycle component; the project will bring all hospitals onto both clinical and revenue cycle systems by early 2018.

Debt Structure and Legal Covenants: Manageable leverage and debt structure risks

Following the proposed financing and cash defeasance of certain outstanding bonds, NMHC's par debt will decrease slightly and maximum annual debt service will decline. With revenue and cashflow growth, NMHC has deleveraged significantly over the last several years. NMHC leverage will be manageable based on favorably low 1.6 times debt-to-cashflow and over 10 times maximum annual debt service coverage based on annualized FY 2017 results. Debt-to-revenue is good at 30% for the same period. We do not anticipate incremental leverage in the next couple years, outside of merger-related debt.

DEBT STRUCTURE

NMHC has approximately 40% demand debt, including bonds supported by bank standby bond purchase agreements and private bank placements. The bank counterparties are diversified and expiration dates are staggered.

The P-1 rating reflects our view that NMHC will maintain strong daily liquidity and processes to pay maturing commercial paper if needed. The program is authorized at \$100 million; \$87 million is outstanding with \$27 million projected to be outstanding after the proposed offering. Although not legally restricted in the Issuing and Paying Agent Agreement, NMHC intends to limit maturities to \$60 million within any five business-day period. At October 31, 2017, NMHC had an ample \$452 million in daily liquidity.

DEBT-RELATED DERIVATIVES

NMHC's debt-related derivatives will pose minimal credit risk, given modest collateral posting requirements and NMHC's strong liquidity. At FYE 2017, NMHC had interest rate swaps with a total notional amount of \$383 million. NMHC posted minimal collateral at FYE 2017.

PENSIONS AND OPEB

NMHC's pension plan is fully funded.

Management and Governance

We expect the management team to continue to demonstrate a disciplined and detailed approach to evaluating strategic alternatives and capital commitments and ability to adapt to periods of moderate revenue growth with effective expense management strategies. These capabilities have allowed the system to integrate new hospitals during a rapid growth period while maintaining operating and balance sheet strength. Debt structure risks have been well managed with diversified counterparties and staggered commitment periods. NMHC's bank agreements have consistent covenants and reporting requirements.

Legal Security

Bonds and commercial paper are unsecured general obligations of the Obligated Group, including Northwestern Memorial HealthCare (parent), Northwestern Memorial Hospital, Northwestern Lake Forest Hospital, Northwestern Memorial Foundation, Northwestern Medical Faculty Foundation (dba Northwestern Medical Group), CDH-Delnor Health System, Marianjoy, Inc. and KishHealth System. The Obligated Group comprises virtually all of the NMHC's assets and revenues.

With the proposed financing, the system will enter into a Restated and Amended MTI. The MTI allows substitution of notes without bondholder approval, has no additional indebtedness tests, and modifies the debt service coverage covenant. An event of default occurs if the system fails to meet a 1.0 times coverage for two consecutive years, rather than one year as stated in the current MTI.

Use of Proceeds

Bond proceeds will be used to refinance certain existing bonds and commercial paper and provide funds to reimburse for prior capital spending.

Obligor Profile

NMHC's largest subsidiaries are noted in the Legal Security section. Northwestern Memorial Hospital is a major academic medical center located in the Streeterville neighborhood of Chicago, providing a complete range of adult inpatient and outpatient services, primarily to residents of Chicago and surrounding areas, in an educational and research environment. It is licensed for 894 beds. NMH is the primary teaching hospital for Northwestern University's Feinberg School of Medicine (FSM). The system operates sizable hospitals in the northern and western suburbs of Chicago.

Methodology

The principal methodology used in this rating was Not-For-Profit Healthcare published in November 2017. An additional methodology used in the P-1 rating was Rating Methodology for Municipal Bonds and Commercial Paper Supported by a Borrower's Self-Liquidity published in January 2012. An additional methodology used in the VMIG1 rating was Variable Rate Instruments Supported by Conditional Liquidity Facilities published in March 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

Ratings

Exhibit 3

Northwestern Memorial HealthCare, IL

Issue	Rating
Revenue Bonds, Series 2017A	Aa2
Rating Type	Underlying LT
Sale Amount	\$525,090,000
Expected Sale Date	12/07/2017
Rating Description	Revenue: Other
Revenue Bonds, Series 2017B	Aa2
Rating Type	Underlying LT
Sale Amount	\$162,085,000
Expected Sale Date	12/07/2017
Rating Description	Revenue: Other

Source: Moody's Investors Service

© 2017 Moody's Corporation. Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S RATINGS AFFILIATES MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING, BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding, for example, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency with or beyond the control of MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING, OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO") hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock issued by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also had similar policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only. Any publication into Australia of this document is pursuant to the Australian Financial Services directive of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657/AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 44 705 136 972/AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly promote this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit ratings are an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer, or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only. Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan K.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-National Credit Ratings. Non-National Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and the registration numbers are FSA Commissioner (Rating) No. 2 and No. 3, respectively.

MJKK or MSFJ (as applicable) hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) fees ranging from \$1,500 to approximately JPY350,000,000.

MJKK and MSFJ also had similar policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1101808

RatingsDirect®

Illinois Finance Authority Northwestern Memorial HealthCare; CP; System

Primary Credit Analyst:

Brian T Williamson, Chicago (1) 312-233-7009; brian.williamson@spglobal.com

Secondary Contact:

Suzie R Desai, Chicago (1) 312-233-7046; suzie.desai@spglobal.com

Table Of Contents

Rationale

Outlook

Enterprise Profile

Financial Profile

Related Research

Illinois Finance Authority

Northwestern Memorial HealthCare; CP; System

Credit Profile

US\$525.0 mil rev bnds (Northwestern Mem HlthCare) ser 2017A due 08/15/2047

Long Term Rating

AA+/Stable

New

US\$162.0 mil rev bnds (Northwestern Mem HlthCare) ser 2017B due 12/15/2022

Long Term Rating

AA+/Stable

New

Rationale

S&P Global Ratings assigned its 'AA+' long-term rating to the Illinois Finance Authority's series 2017A and 2017B revenue bonds, issued on behalf of Northwestern Memorial HealthCare (NMHC). At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating on the authority's series 2013, 2009A, and 2009B bonds, and its 'A-1+' short-term rating on the authority's taxable commercial paper notes, series A. The series 2013 bonds were issued on behalf of NMHC, while the series 2009A and 2009B were issued on behalf of Northwestern Memorial Hospital (NMH).

The series 2017A bonds will initially be issued in fixed-rate mode and the 2017B bonds will initially be issued in long-term mode. The interest rate mode on the series 2017A and 2017B bonds may thereafter be converted to such modes as daily, two-day, weekly, short-term, long-term, fixed-rate, variable-rate, Window, flexible, direct purchase, or fixed mode.

S&P Global Ratings affirmed its 'AA+' long-term rating on the authority's series 2009 and 2009B fixed-rate revenue bonds issued for Central DuPage Health (CDH) and its underlying rating (SPUR) on the authority's series 2002A, 2002B, 2002C, and 2002D and 2003A, 2003B, and 2003C hospital fixed-rate revenue bonds issued for Delnor Community Hospital (Delnor). CDH and Delnor together previously operated as CDH-Delnor Health System, doing business as Cadence Health, and is a member of the NMHC obligated group. The outlook, where applicable, is stable.

S&P Global Ratings affirmed its 'AA+/A-1+' ratings, with stable outlooks, on Illinois Finance Authority's series 2007A-2 and 2007A-4 variable-rate demand revenue bonds, issued for NMH.

The long-term component of the ratings reflects the credit quality of NMHC, the obligor. The short-term component of the ratings reflects the SBPAs provided by TD Bank.

Each substitute SBPA has an effective date of Oct. 4, 2016. The substitute SBPAs provide coverage for principal and 35 days' interest at a maximum annual rate of 10% for the purchase price of bonds not successfully remarketed. The SBPAs provide coverage only for the bonds during the daily and weekly rate modes. The SBPAs are scheduled to expire on Oct. 4, 2019. At such time, we will withdraw the short-term component of the ratings unless the SBPAs are extended or terminated beforehand according to their terms.

S&P Global Ratings affirmed its 'AA+/A-1+' rating on the Illinois Finance Authority's series 2008A-1 and 2008A-2

variable-rate demand revenue bonds and its 'AA+/A-1' rating on the series 2007A-1 and 2007A-3 variable-rate demand revenue bonds, issued for Northwestern Memorial HealthCare (NMHC).

The long-term component of the ratings reflects the credit quality of NMHC, the obligor. The short-term component of the ratings reflects the standby bond purchase agreements (SBPAs) provided by The Northern Trust Co. and JPMorgan Chase Bank N.A.

The SBPAs provide coverage for principal and 35 days' interest at a maximum annual rate of 10% for the purchase price of bonds not successfully remarketed. The SBPAs provide coverage only for the bonds during the daily and weekly rate modes. The SBPAs are scheduled to expire on Oct. 4, 2020. At such time, we will withdraw the short-term component of the ratings unless the SBPAs are extended or terminated beforehand according to their terms.

The SBPA provider's obligations to purchase tendered bonds will automatically terminate upon the occurrence of certain events of default as set forth in the SBPAs, which we have reviewed and determined are consistent with our published criteria, including the lowering of the rating on the obligor to below 'BBB-'.

NMHC identified approximately \$678 million in assets (market value), of which approximately \$263 million is available same day, as of Oct. 31, 2017, to cover the maximum authorized \$100 million taxable commercial paper (CP) program. NMHC has internally set maturity restrictions of a maximum of \$60 million during a five-business day period. The internally set restrictions are not legally binding. In the event of a failed rollover, the assets identified in the portfolio would provide sufficient liquidity. The eligible assets include cash, fixed-income assets, and domestic equities. Upon a failed remarketing, NMHC has provided us with the operational procedures that will be followed to liquidate assets to provide for a timely payment of a CP maturity. S&P Global Ratings will provide monthly surveillance on the bonds.

The ratings continue to reflect our view of NMHC's sustained operational performance coupled with excellent balance sheet metrics. As a system, NMHC has successfully integrated new members into the organization. As of this analysis, NMHC has noted that it is reaping the benefits of operating more as a system than a federation of hospitals and thus has seen improved operations. With the sustained strong operations and prudent balance sheet management, NMHC continues to be able to spend capital on various projects, continue with the implementation of Project One (the Epic electronic medical record), and continue to see growth in its overall share of the Chicagoland market. NMHC still has in place an executed letter of intent to acquire Centegra Health System (CHS; BB+/Stable) with NMHC becoming the sole corporate member of Centegra. The affiliation, if finalized, will bring NMHC to a total of 10 hospitals and more than 100 locations covering eight counties. Finally, NMHC's management team maintained its solid balance sheet even amid continued investments in capital, and this helps NMHC remain an important provider in the very competitive Chicagoland market.

The 'AA+' rating continues to reflect our view of NMHC's:

- Strong liquidity while it continues to invest in capital projects and mergers/acquisitions;
- Solid pro forma maximum annual debt service (MADS) coverage as a result of the solid operations noted above and solid investment income for unaudited fiscal 2017;
- Outstanding governance and management, including the numerous benefits realized through affiliations with all Northwestern University-related entities, including the Feinberg School of Medicine; and
- Growing business position through its acquisition strategy.

Partly offsetting the above strengths, in our view, are NMHC's:

- Potential acquisition partner that has not performed at the strong level of operations that NMHC has historically added to the system; and
- Increasingly competitive service area, with provider consolidation continuing in the greater Chicago market.

The 'AA+' rating is based on our view of NMHC's group credit profile and the credit group's "core" status. Accordingly, we rate the bonds at the same level as the group credit profile.

The analysis and financial figures in this report pertain to the activities of NMHC, the sole corporate member of NMH, Northwestern Lake Forest Hospital (NLFH), Northwestern Medical Faculty Foundation (NMFF, doing business as Northwestern Medical Group, or NMG), Northwestern Memorial Foundation (NMF), Cadence Health, KishHealth and Marianjoy.

NMHC will utilize the proceeds of the series 2017A, coupled with cash, to refund all series 2009A (NMH), 2009 (CDH), and 2009B (CDH) outstanding, and \$59.8 million of commercial paper previously used to refinance Kish bonds. The proceeds of the series 2017B will be used to reimburse NMHC for eligible capital expenditures related to its Lake Forest replacement hospital. At the same time, NMHC will use approximately \$185 million of cash to defease other debt outstanding, including the NMH series 2009B, Delnor series 2002A, 2002B, 2002C, and 2002D, and Delnor 2003A, 2003B, and 2003C. We will withdraw our outstanding ratings on CDH and Delnor bonds once this is completed.

The revenue bonds are an unsecured general obligation (GO) of the NMHC obligated group, which consists of NMHC, NMH, NLFH, NLHF's not-for-profit subsidiary, NMF, NMG, and NMG's not-for-profit subsidiary. As of Nov. 25, 2014, Cadence Health, CDH, Delnor, and Cadence Physician Group became members of NMHC's obligated group and NMHC provided guarantees of the obligations of the Cadence Health obligated group for full and timely payment of the debt of the aforementioned entities. KishHealth and Marianjoy became members of the obligated group as of Dec. 18, 2015 and May 31, 2016, respectively.

Outlook

The stable outlook reflects our expectation that the system will continue to produce strong operations as NMHC's leadership continues to implement its overall strategy and as the market continues to consolidate.

Downside scenario

While it is not expected, if operations begin to trend negatively for a sustained period and capital spending begins to soften the balance sheet to a level more reflective of a lower rating, we could revise the outlook to negative or, if a sizable shift has occurred, lower the rating. Finally, because of market consolidation, a dilutive acquisition or a sustained decline in market position by NMHC could also affect the rating.

Upside scenario

A higher rating is unlikely within the outlook period given the already high rating and S&P Global Ratings' general view of risk in the health care sector and uncertainties around the impact of health care reform.

Enterprise Profile

Enterprise

NMHC is the corporate parent of NMH, NLFH, NMG, NMF, Cadence Health, KishHealth, and Marianjoy. NMH has a total of 894 licensed beds (841 staffed) in the Feinberg/Galter Pavilion and Prentice Women's Hospital. It is the primary teaching hospital for Northwestern University's Feinberg School of Medicine. NLFH is a 114-bed community hospital with more than 700 physicians who are board certified in 68 medical specialties and who are located in offices throughout Lake County. NMG has approximately 1,360 employed physicians, including 145 physicians from Northwestern Memorial Physicians Group, a primary care medical group practice that merged with NMG on May 1, 2014. NMHC also includes Northwestern Memorial Insurance Co., a subsidiary of NMH.

Northwestern University (AAA) is a separate corporation and is not obligated to repay debt service associated with the bonds, but we believe the university's Feinberg School of Medicine is integrally linked with NMHC through a shared strategic plan.

Cadence Health formally came together in April 2011. CDH is a 392-licensed-bed hospital and Delnor is a 159-licensed-bed hospital. CDH and its affiliates are located in Winfield, a western suburb of Chicago, and Delnor is located approximately 11 miles west of CDH. Other entities that are part of Cadence Health but are not part of the obligated group are Community Nursing Service of DuPage County Inc. (providing home health care and hospice), Cadence Physician Group (which employs more than 425 physicians, including the 23-member orthopedic group acquired in early fiscal 2013), and a few smaller entities with more limited operations.

KishHealth System's Kishwaukee Hospital is a 98-bed acute care hospital in DeKalb, Ill., with more than 250 physician members on the medical staff representing nearly every specialty. Kishwaukee Hospital opened its Joint Center in 2007 and added a Spine Center in 2013. The Valley West Hospital is a 25-bed critical access hospital in Sandwich, Ill., that has served the Fox Valley community for more than 70 years. In 2014, the hospital completed construction of a new patient wing and renovations to remaining areas, including a new MRI suite that is home to one of the only large bore MRI machines in the area.

Marianjoy Rehabilitation Hospital is located in Wheaton, Ill., and offers 100 acute inpatient rehabilitation beds and 27 Medicare-licensed sub-acute beds for adult and pediatric patients recovering from illness or injury who require intensive therapy to regain function and independence. The main hospital is a free-standing 170,000-square-foot facility with a number of niche inpatient and outpatient offerings, including specialty programs focused on treatment of stroke, spinal cord injury, brain injury, pediatrics, and orthopedic/musculoskeletal conditions.

Utilization

NMHC's leadership reports that the overall market has continued to see a decline in inpatient utilization. The decline is no different from that of the industry overall. For NMHC, despite the decline in the overall market, inpatient utilization has seen growth in fiscal 2017, as have outpatient registration and overall surgeries. Also, as the NMHC-aligned physicians' patients tend to remain within the system and NMHC continues to take advantage of the favorable geographic relationship of the hospitals and health care sites in the system, NMHC has been able to maintain its business position.

NMHC's primary service area market share (a seven-county area) equates to a 10% market share. NMHC's market share may seem modest, but admissions and related market share among other hospitals in the service area remain stagnant when consolidation is excluded. This, coupled with the expectation of further health care reform, results in more consolidations, with health systems and hospitals aligning to strengthen their competitive position.

Management

NMHC continues to have a strong leadership team. The team continues to produce strong operations and balance sheet measures while investing in its facilities. To date, NMHC has had no major missteps in aligning with the facilities that it has acquired over the years, including KishHealth and Marianjoy. NMHC utilizes an integration team that helps to assess the positives and negatives of an acquired entity. The team will then put together an integration plan to help NMHC and the newly acquired entity integrate with little to no interruption.

NMHC leadership remains focused on growth, as noted in its letter of intent to acquire Centegra. NMHC remains focused on system integration, as it has grown rather rapidly over the years. Project One is an example of the steps that NMHC has taken to become even further aligned. For NMHC, Project One is the vehicle to get the entire system onto one electronic medical record, Epic, and should be completed in fiscal 2018. The leadership team has already noted that it has begun to see some benefits from Project One. This, along with other measures, will help to increase efficiency.

Table 1

Northwestern Memorial HealthCare and Subsidiaries Utilization

	--Fiscal year ended Aug. 31--			
	2017*	2016	2015	2014
PSA population	9,659,403	9,659,403	9,436,609	N.A.
PSA market share %	10.0	10.0	8.6	N.A.
Inpatient admissions¶	82,707	80,581	78,022	51,592
Equivalent inpatient admissions	204,555	193,872	179,975	101,324
Emergency visits	287,300	279,537	247,935	129,070
Inpatient surgeries	22,247	21,885	22,338	14,435
Outpatient surgeries	48,549	45,553	42,588	27,349
Medicare case mix index	1.94	1.91	1.84	1.89
FTE employees	21,089	19,360	16,984	10,362
Active physicians	4,237	4,225	3,858	2,508
Medicare %§	23.9	22.9	18.7	21.8
Medicaid %§	7.9	7.4	8.2	5.0
Commercial/Blues %§	66.0	68.4	67.2	67.0

*Unaudited. ¶Excludes normal newborn, psychiatric, rehabilitation, and long-term care facility admissions. §Based on net revenue. FTE—Full-time equivalent. N.A.—Not available. PSA—Primary service area.

Financial Profile

Operations

NMHC's financial performance has shown improvement for unaudited fiscal 2017. The leadership team attributes the improved operations to the synergies that have been achieved as NMHC operates more as a system as opposed to a federation of sites, the operational leverage that it has gained as it consolidates and improves acquired facilities, and the enhanced provider fee program in the state. NMHC has noted that for the operations to remain strong, the system will have to continue to reduce its expense base by 2% to 3% annually. However, the leadership team will look to also increase the top-line revenue base as it implements cost savings initiatives. As the state transitions more Medicaid recipients to managed Medicaid, NMHC continues to work to understand how to best manage this population as relates to the payers in the market.

NMHC is budgeting that fiscal 2018, with a 3.7% operating margin, will be softer than fiscal 2017 given that the leadership team is in the process of bringing on line the Lake Forest replacement hospital, continuing Project One, and conservatively assuming no benefits from the provider fee program. We believe that NMHC should easily achieve this budget based on historical performance and management's ability to adjust and respond to changes in the market and the system's operations.

With the strong operations and investment income, NMHC continues to post solid pro forma MADS coverage. For unaudited fiscal 2017, NMHC posted pro forma MADS coverage of 9.6x.

Balance sheet

As of Aug. 31, 2017, NMHC's pro forma leverage remained in line with that of other 'AA+' rated systems. For the same date, unrestricted reserves to pro forma long-term debt declined but remains at a level that is acceptable for the rating.

We expect that NMHC's financial flexibility will improve as capital spending winds down with the opening of the Lake Forest replacement hospital and the completion of the electronic medical record.

Contingent liabilities: Swaps, direct purchase debt, and other contingent liabilities

NMHC is a party to two floating- to fixed-rate swaps with a notional amount of \$204.8 million as of Aug. 31, 2017 one with a notional amount of \$102.4 million with Barclays as the counterparty and one with the same notional amount with JPMorgan Chase Bank as the counterparty.

Cadence is party to four floating- to fixed-rate swaps. Two swaps are with CDH, with Morgan Stanley Capital Services Inc. (guaranteed by Morgan Stanley) as the counterparty, for a current notional amount of \$123.3 million. The other two variable- to fixed-rate swaps are with Delnor, with Barclays as the counterparty, for a current notional amount of \$54.95 million.

As of Aug 31, 2017, there is \$330,000 of collateral posted for the swaps listed above.

NMHC through Cadence Health and KishHealth has additional contingent liability risk related to approximately \$184 million of direct purchase debt (series 2011A, 2011B, and 2011C for CDH and 2015A and 2015B for KishHealth). With the sufficient unrestricted reserves, S&P Global Ratings sees minimal risk time as relates to any acceleration of the aforementioned contingent debt.

Table 2

Northwestern Memorial HealthCare and Subsidiaries Financial Summary					'AA+' rated health care system medians	'AA' rated health care system medians
	--Fiscal year ended Aug. 31--					
	2017*	2016	2015	2014	2016	2016
Financial performance						
Net patient revenue (\$000s)	4,547,386	4,081,581	3,702,986	2,296,846	3,705,900	2,648,196
Total operating revenue (\$000s)	4,830,996	4,357,952	3,885,077	2,426,460	MNR	MNR
Total operating expenses (\$000s)	4,529,827	4,120,502	3,671,766	2,284,349	MNR	MNR
Operating income (\$000s)	301,169	237,450	213,311	142,111	MNR	MNR
Operating margin (%)	6.23	5.45	5.49	5.86	4.00	4.80
Net nonoperating income (\$000s)	198,419	36,384	167,808	224,107	MNR	MNR
Excess income (\$000s)	499,588	273,834	381,119	366,218	MNR	MNR
Excess margin (%)	9.93	6.23	9.40	13.82	6.50	6.60
Operating EBIDA margin (%)	13.09	12.95	14.50	13.45	11.60	11.00
EBIDA margin (%)	16.52	13.67	18.04	20.77	13.30	12.70
Net available for debt service (\$000s)	830,843	600,855	731,333	550,391	661,416	477,823
Maximum annual debt service (MADS; \$000s)	86,832	86,832	86,832	86,832	MNR	MNR
MADS coverage (x)	9.57	6.92	8.42	6.34	6.40	5.90
Operating-lease-adjusted coverage (x)	6.86	5.55	6.91	5.84	5.00	4.20
Liquidity and financial flexibility						
Unrestricted reserves (\$000s)	4,932,139	4,385,912	4,085,104	2,648,946	4,510,478	2,461,025
Unrestricted days' cash on hand	424.3	416.2	441.1	454.1	398.8	316.1
Unrestricted reserves/total long-term debt (%)	372.3	314.2	288.9	342.7	314.2	246.2
Unrestricted reserves/contingent liabilities (%)	896.3	900.1	832.7	841.9	856.7	470.4
Average age of plant (years)	7.2	6.7	5.5	8.9	8.3	10.6
Capital expenditures/depreciation and amortization (%)	178.6	168.6	125.6	135.9	110.3	130.7
Debt and liabilities						
Total long-term debt (\$000s)	1,324,776	1,395,975	1,414,209	772,867	MNR	MNR
Long-term debt/capitalization (%)	16.2	19.5	21.6	19.2	21.9	24.7
Contingent liabilities (\$000s)	550,302	487,245	490,565	314,625	MNR	MNR
Contingent liabilities/total long-term debt (%)	41.5	34.9	34.7	40.7	36.7	55.7
Debt burden (%)	1.73	1.98	2.14	3.28	1.70	2.00
Defined benefit plan funded status (%)	N.A.	105.05	116.13	115.06	89.30	71.60
Pro forma ratios						
Unrestricted reserves (\$000s)	4,932,139	N/A	N/A	N/A	MNR	MNR
Total long-term debt (\$000s)	1,392,000	N/A	N/A	N/A	MNR	MNR
Unrestricted days' cash on hand	424.3	N/A	N/A	N/A	MNR	MNR
Unrestricted reserves/total long-term debt (%)	354.3	N/A	N/A	N/A	MNR	MNR

Table 2

Northwestern Memorial HealthCare and Subsidiaries Financial Summary (cont.)

	--Fiscal year ended Aug. 31--				'AA+' rated health care system medians	'AA' rated health care system medians
	2017*	2016	2015	2014	2016	2016
Long-term debt/capitalization (%)	16.9	N/A	N/A	N/A	MNR	MNR

*Unaudited. MNR--Median not reported. N.A.--Not available. N/A--Not applicable.

Related Research

- Glossary: Not-For-Profit Health Care Ratios, Oct. 26, 2011
- U.S. Not-For-Profit Health Care Sector 2017 Outlook: Stable, Yet A Pen Stroke Away From Unprecedented Change, Jan. 10, 2017
- U.S. Not-For-Profit Health Care System Median Financial Ratios -- 2016 vs. 2015, Aug. 24, 2017
- Health Care Providers And Insurers Pursue Value Initiatives Despite Reform Uncertainties, May 9, 2013
- Standard & Poor's Assigns Industry Risk Assessments To 38 Nonfinancial Corporate Industries, Nov. 20, 2013
- Health Care Organizations See Integration And Greater Transparency As Prescriptions For Success, May 19, 2014
- The Time Dimension of Standard & Poor's Ratings, Sept. 22, 2010
- U.S. Not-For-Profit Health Care: Competition And Reform Continue To Spur Mergers, Oct. 24, 2014
- U.S. Not-For-Profit Acute Health Care Ratios: Operating Performance Weakens While Balance Sheets Are Stable, Aug. 24, 2017
- The U.S. Health Care Sector Outlook Is Stable, Though Industry Pressures Persist, Sept. 27, 2016
- Innovation Strategies Are Transforming The U.S. Health Care Industry, May 12, 2016
- Medicaid's Status As An Open-Ended Entitlement Is On Life Support Following The Election, Nov. 17, 2016

Ratings Detail (As Of November 29, 2017)

Illinois Finance Authority, Illinois

CDH/Delnor Hlth Sys d/b/a Cadence Hlth & Affiliates, Illinois

Series 2009

Long Term Rating AA+/Stable Affirmed

Illinois Finance Authority, Illinois

Northwestern Mem HlthCare, Illinois

Illinois Finance Authority (Northwestern Memorial HealthCare) (Direct Issue Taxable Commercial Paper)

Short Term Rating A-1+ Affirmed

Illinois Fin Auth (Northwestern Mem HealthCare) SYS

Long Term Rating AA+/Stable Affirmed

Illinois Fin Auth (Northwestern Mem HlthCare) SYS

Long Term Rating AA+/A-1/Stable Affirmed

Illinois Fin Auth (Northwestern Mem HlthCare) SYS

Long Term Rating AA+/A-1/Stable Affirmed

Illinois Finance Authority, (Northwestern Memorial Hospital) Variable Rate Demand Revenue Bonds, Series 2007A

Long Term Rating AA+/A-1+/Stable Affirmed

Illinois Finance Authority (Northwestern Memorial Hospital) Variable Rate Demand Revenue Bonds, Series 2007A

Ratings Detail (As Of November 29, 2017) (cont.)

<i>Long Term Rating</i>	AA+/A-1+/Stable	Affirmed
Series 2008A-1 & A-2		
<i>Long Term Rating</i>	AA+/A-1+/Stable	Affirmed
Series 2009 A&B. 2013		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Illinois Hlth Fac Auth, Illinois		
Delnor Comnty Hosp, Illinois		
Illinois Hlth Fac Auth (Delnor Community Hospital)		
<i>Unenhanced Rating</i>	AA+(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Copyright © 2017 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

X. CHARITY CARE INFORMATION

Centegra Hospital - McHenry

	FY15	FY16	FY17
Net Patient Revenue	\$ 268,241,543	\$ 314,958,842	\$ 330,381,233
Amount of Charity Care (charges)	\$ 11,336,629	\$ 8,516,834	\$ 11,678,617
Cost of Charity Care	\$ 3,280,820	\$ 2,400,936	\$ 3,252,752

Centegra Hospital - Woodstock

	FY15	FY16	FY17
Net Patient Revenue	\$ 123,892,358	\$ 130,641,946	\$ 109,209,119
Amount of Charity Care (charges)	\$ 7,292,581	\$ 5,655,030	\$ 7,083,540
Cost of Charity Care	\$ 2,267,993	\$ 1,646,558	\$ 2,009,997

Centegra Hospital - Huntley

			FY17*
Net Patient Revenue			\$ 81,656,946
Amount of Charity Care (charges)			\$ 967,866
Cost of Charity Care			\$ 269,572

* Denotes a partial year (approximately 11 months)

During FY17, Centegra Health System contributed \$116.8 million in community benefits including charity care, other unreimbursed care, education, language assistance, donations and other community benefits.

Northwestern Memorial HealthCare

	FY15	FY16	FY17
Net Patient Revenue	\$3,702,986,000	\$4,081,581,000	\$4,547,386,000
Amount of Charity Care (charges)	\$ 418,054,000	\$ 386,070,000	\$ 308,815,000
Cost of Charity Care	\$ 81,601,000	\$ 80,459,000	\$ 65,761,000

Note: numbers do not reflect the impact on acquisitions/affiliations for periods prior to the acquisition/affiliation.

During FY17, Northwestern Memorial HealthCare contributed \$831.9 million in community benefits including charity care, other unreimbursed care, research, education, language assistance, donations and other community benefits.